

TAHOE CITY PUBLIC UTILITY DISTRICT

TAHOE CITY, CALIFORNIA

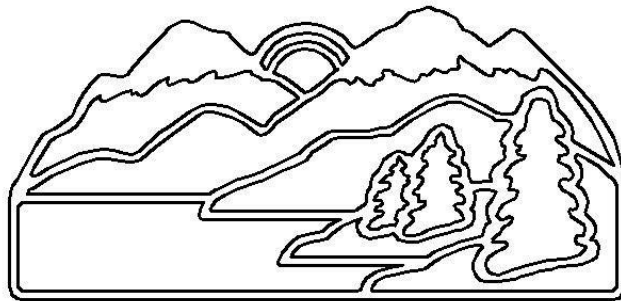
Annual Comprehensive Financial
Report for the Year Ended
December 31, 2023 With
Independent Auditor's Report

We put team success first and work to promote cooperation and commitment within the District to fulfill our mission and serve our community. We believe that together we achieve more.



PREPARED BY THE ACCOUNTING DEPARTMENT

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Mission Statement

*The Mission of the Tahoe City Public Utility District
is to serve the people, our community, and its environment.*

It is our responsibility to provide safe and reliable water service, sewer service for the protection of public health, and parks and recreation services to enhance quality of life. It is our commitment to accomplish these and other tasks within the scope of the Public Utility District Act, as amended, in a sound fiscal manner.

Tahoe City Public Utility District Board of Directors



Left to right
Judy Friedman(Vice President) , John Pang,
Ellie Beals (Board President)
Gail Scoville, Dan Wilkins

Vision Statement

Building a healthy mountain community through
our passion for public service

Strategic Planning

Below are the over-arching core values that guide our approach to all services and activities in the District.



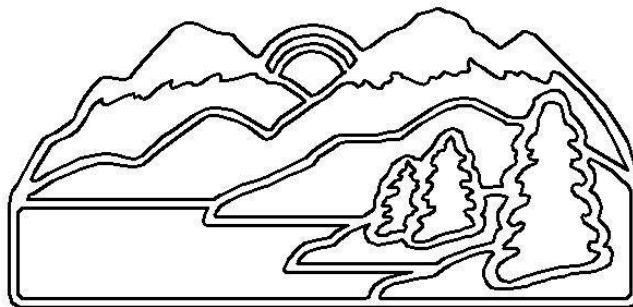
Sean Barclay, General Manager

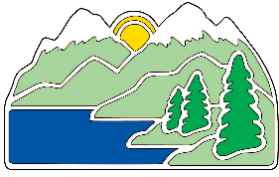
- **Service** – We extend our passion for service to all we encounter, and consider the following as our “customers”; rate payers, fellow team members, contractors, Board of Directors, agencies, taxpayers, visitors and the entire community we serve.
- **Professionalism** – We are a team of professionals that take pride in always doing what is right. We value our role as financial stewards and are dedicated to serving our community in the most efficient, effective, and safe manner.
- **Teamwork** – We put team success first and work to promote cooperation and commitment within the District to fulfill our mission and serve our community. We believe that together we achieve more.
- **Initiative** – We are committed to the pursuit of excellence and believe that innovation, learning and growth are critical to that pursuit. We all act like owners and take personal responsibility for the District’s success.
- **Communication** – We value relationships in all areas and believe that communication is fundamental to the success of our team, our “customers” and our community.

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Tahoe City Public Utility District

BOARD OF DIRECTORS

John Pang
Dan Wilkins
Ellie Beals
Judy Friedman
Gail Scoville

GENERAL MANAGER

Sean Barclay

June 14, 2024

To the Board of Directors of the Tahoe City Public Utility District and to our Tax and Rate Payers:

The Tahoe City Public Utility District (TCPUD) staff submit to you the Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2023. State law requires local governments to publish, within six months of the close of each fiscal year, a complete set of audited financial statements. The ACFR is published to fulfill that requirement for the fiscal year ended December 31, 2023.

The purpose of the ACFR is to communicate the financial condition of the TCPUD by presenting an assessment of TCPUD's financial condition, a description of TCPUD's services and infrastructure replacement projects, a discussion of current issues, and a narrative of financial trends and demographic trend information. Three major sections are contained within the ACFR and include introductory, financial, and statistical information about TCPUD.

Management assumes full responsibility for the completeness and reliability of the information contained in this ACFR, which is prepared under a comprehensive framework of internal controls established for this purpose. As the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

MUN CPAs, LLP, has issued an unmodified ("clean") opinion on the TCPUD's financial statements for the year ended December 31, 2023. The independent auditor's report is located at the front of the financial section of this ACFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Tahoe City Public Utility District

The TCPUD was founded in 1938 to provide basic governmental needs for the residents of Tahoe City that were deficient at the time. Established under the State of California's Public Utility District Act, Public Utilities Code sections 15501-18055, TCPUD is the oldest local government in the Tahoe Basin. The founders of TCPUD chose a form of government that could provide multiple types of services, and today TCPUD provides sewer collection and conveyance; water production and distribution; and parks, community facilities, and recreation services within the entire TCPUD service area.

The boundaries of the TCPUD service area lie on the north and west shore of Lake Tahoe within the unincorporated areas of Placer and El Dorado Counties, extending from Emerald Bay to Dollar Hill, and west along the Truckee River to the Nevada County line. The service area is large, encompassing over 31 square miles. Within the TCPUD service area, water service is provided through eight separate systems and serves approximately three-quarters of the homes and businesses. Our current customer and visitor population is as follows:

Sewer and Water customer connections - 5,759

Sewer only customer connections - 1,978

Parks and Recreation customers and visitors - approximately 3.0 million annually

TCPUD owns and/or operates and maintains a number of parks amenities including: 23 miles of bike trails, 11 local parks, 1 golf course with summer and winter activities, 4 beaches, 3 community centers, one boat launching facility, one campground, and the Tahoe City downtown sidewalks. In addition, the TCPUD sponsors numerous adult and youth recreation programs, and provides rental space and/or concessions at its community centers, as well as various parks and beaches, for the benefit of residents and visitors.

TCPUD is governed by a five-person elected Board of Directors that establish policies and set direction for TCPUD. The Board conducts the District's business through Board meetings, committee meetings, and ad hoc meetings as needed.

The Board appoints a General Manager who oversees the day-to-day operations, and when necessary, forms special citizen advisory committees to address complicated issues requiring more community outreach or focused study. Under the direction of General Manager, Sean Barclay, 61 full time employees, 60 seasonal employees, and 10 interns serve in four major departments: Utilities, which includes water and sewer operations; Parks & Recreation; Engineering, which also includes technical services and geographical information systems; and Governance & Administrative Services. TCPUD is on a calendar-year (January 1 - December 31) budget cycle. In November of each year, the Board of Directors adopts three (3) annual operating and capital budgets for the governmental funds and the proprietary funds which include the water fund and sewer fund. The legal level of budgetary control is set at a fund level and the General Manager has authority to move budgeted amounts among the expenditure categories of salary and benefits, maintenance and operations, and capital expenditures. The Board retains sole authority for budgeting new capital projects, authorizing new permanent salaried positions, movement of funds among various funds, and using undesignated net position and unassigned fund balance. All services are provided through the collection of property tax, water and sewer rates, user fees, concession fees, grants, and interest income.

The TCPUD Public Facilities Financing Corporation is deemed to be a blended component unit of TCPUD and has a December 31 year-end. No assets, liabilities, or activity were reported as of and for the year ended December 31, 2023. For additional information see notes to the financial statements (Note 1. A Reporting Entity).

Water and Sewer Operations

Water and sewer operations are funded through user base rates and consumption charges, other income, and grant revenue when available. TCPUD base charge is stable, since 100% of customers pay base rates for water and sewer services. Water base charges represent approximately 83% of revenue from water customers with the remainder coming from actual water usage (consumption) which is calculated on a tiered structure and applied to water customer bills. This structure closely represents TCPUD's actual fixed and variable cost structure. Water revenues from usage in 2023 are 16.6% of the total revenue collected from TCPUD's water customers.

All water customers are metered except for water customers served by the Tahoe Cedars and Madden Creek water systems (formerly owned by Mid-Sierra Water Utility). The two water systems were acquired by TCPUD in 2018 as part of a west shore regionalization plan to consolidate water systems along the west shore and improve drinking water reliability and infrastructure for firefighting. The TCPUD immediately began operating and investing in both water systems, which are actively failing. The TCPUD Board of Directors adopted Master Plans for both water systems in February 2021, which recommended full reconstruction of the existing water systems and includes metering all connections. A state mandate requires water systems to be completely metered by 2025; however, an exemption exists which extends meters installation for these two systems to 2028, 10 years after TCPUD acquired them.

The Water Fund's overall financial position improved in 2023 as the net position at year end totaled \$56,799,352, an increase of \$3,677,019 or 6.9%. The increase in net position is a result of the current year's operations; rate revenue increases, investment income, and capital grants.

Sewer charges are approximately 99.0% of sewer operating revenue and represent a very stable source of revenue to fund sewer operations. Sewer charges are split into two categories: residential and commercial. Residential charges represent 83.3% of all sewer charge revenue. The Sewer Fund's overall financial position improved in 2023 as the net position at year end totaled \$25,601,069, an increase of \$2,772,967 or 12.1%. The increase in net position is a result of the current year's operations; revenue increases, investment income, and expenses coming in favorable to budget.

General Fund Operations

General Fund operations include parks and trails, golf, winter sports park, recreation, and facility rental activities. The General Fund primary source of revenue comes from property tax, which equals 79.8% of operating revenue or \$10,047,901, net of capital of grants. The increase in home sales, and subsequent change in ownership, generated a new base year value equal to the current fair market value. This translated into higher real property assessments, thereby increasing property tax revenue. Other revenue sources include

season pass sales, boat launch fees, rental activities, maintenance service agreements, various grants, concession fees, and other revenue.

The General Fund's fund balance increased by \$5,026,891 largely due to increased property tax revenues.

Local Economy

Within TCPUD's service area, the economy is largely dependent on tourism that is centered on summer and winter recreational activities. Lake Tahoe is recognized as one of the most beautiful regions in the world and is home to one of the largest alpine lakes in North America, offering a unique environment unrivaled anywhere else. The pristine beauty of Lake Tahoe draws upwards of fifteen million visitors annually from around the world. North Lake Tahoe data has recorded approximately 3 million annual visitors to the area. The region offers both visitors and residents countless activities including snow skiing, snowboarding, hiking, biking, golfing, water skiing and boating, gaming, and other non-human powered recreation. The region's economy is closely tied to the Sacramento/San Francisco Bay Area economies due to its proximity to those areas.

Lake Tahoe is one of the most regulated regions in the United States. As development of the region grew, conservationists lobbied for environmental protection for Lake Tahoe. The Tahoe Regional Planning Agency (TRPA) was formed in 1969 through a bistate compact between California and Nevada that mandates TRPA to protect the environment of the Lake Tahoe Basin. TCPUD closely monitors and abides by all TRPA rules and regulations, which directly impact the cost and operation of services. By regularly reviewing revenue sources and commissioning water and sewer rate studies every five years, TCPUD continues to maintain fiscal stability in this highly regulated environment.

In March 2024, median housing prices in the North Tahoe region are \$940,000, up 19.1% since last year. The unemployment rate in California at the end 2023 was 5.1%, compared to 4.1% in 2022. Similarly, Placer County unemployment rate rose to 4.0% at the end of 2023 as compared to 3.1% at the end of 2022. Additionally, tourism measured as a percentage of transient occupancy tax fell in North Lake Tahoe from 39.4% at the end of 2023, compared to 51.1% at the end of 2022. This is likely the result of the extreme 2022/2023 winter combined with low snowfall in late 2023, and a shift in school breaks.

Placer County collects a transient occupancy tax (TOT) which is a rental tax paid by guests visiting lodging accommodations such as hotels, motels, and short-term rentals. The collection of TOT is an indicator of visitors coming to Lake Tahoe's north and west shores and a portion of it is used to help fund infrastructure projects that benefit the region from which the TOT was collected. TCPUD has used TOT funds for important infrastructure projects for many years. Over the past five years, TOT collections have shown consistent growth. Despite experiencing a decline of -6.5% during the fiscal year 2019-2020 due to the pandemic's impact, the subsequent year saw a 50% growth in TOT collections over the same five-year period.

Year in Review

The year started with the winter of 2022/2023 which received the highest snowfall on record creating travel challenges, road, and school closures in the Tahoe Region. Despite the challenging conditions, TCPUD employees maintained exceptional service standards, ensuring uninterrupted delivery of critical water and sewer services, maintained safe parks and recreation activities. Additionally, an outcome of COVID-19, TCPUD had established telework infrastructure, enabling critical administrative operations to proceed smoothly during storm events.

The summer operations saw the Tahoe City Golf Course rounds decline slightly. This was attributed to a delayed opening caused by the significant winter snowfall. The Lake Forest Boat Ramp (LFBR) also experienced a decline in launches as other boat ramps opened due to adequate water levels brought in by the winter after experiencing several years of drought conditions. The implementation of an added cost recovery pricing system at LFBR led to higher launch fees for non-residents, leading to a positive outcome as it reduced the reliance on tax revenue for operations. TCPUD recreational programs reported record breaking numbers in youth and adult programs with fee income up in all areas.

Affordable housing remains a critical issue in the North Tahoe-Truckee region, driven by limited availability and escalating prices for both homes and rental properties. This situation poses challenges for recruiting and retaining employees, and TCPUD remains actively involved with other agencies to address this critical issue collaboratively. TCPUD is dedicated to exploring inventive approaches to establish itself as the top employer in the region, and despite the housing crisis, the TCPUD was honored with the 2023 Best Place to Work Award at the North Tahoe Community Alliance Awards Dinner. By prioritizing its Core Values and fostering a culture that values service, professionalism, teamwork, initiative, and communication, TCPUD has positioned itself as the premier workplace on the north shore.

The 2022/2023 winter across the Sierra Nevada recorded the deepest snowpack since 1952 coupled with the 2023/24 winter season producing above average snowpack brought measured improvement in California's water supplies from a year ago offering relief to drought conditions. In late March 2023, Governor Gavin Newsom lifted many of the emergency drought measures.

Despite the back-to-back winters which brought above average snowpack, wildfire remains a concern and poses a serious threat to local communities in the Tahoe Basin. California continues to experience longer wildfire seasons as a direct result of climate change. Though the 2023 and 2022 California wildfire seasons were below average, the 2021 California fire season was the second worst fire season on record behind only the 2020 wildfire season which was record setting.

TCPUD is committed to implementing measures to protect life and property within our communities from the threat of catastrophic wildfire. This includes maintaining and

reviewing emergency action plans prior to the beginning of the wildfire season, planning for hazard fuel removal around critical infrastructure, and installing critical water infrastructure to improve water distribution, storage, and regional interconnectivity to build capacity for fire suppression. Acceleration of this work relies on additional funding through grants and other revenue sources.

TCPUD brought an increased awareness of this issue across the state and was recognized for these efforts as the recipient of the 2023 CSDA Exceptional Public Outreach and Advocacy Award (Large District). This award was achieved because of the ongoing legislative initiative and action that brought awareness to the critical issue and the need for funding to accelerate installation of water infrastructure for fire suppression projects.

As a member of the Association of California Water Agencies (ACWA), TCPUD routinely engaged in ACWA's outreach activities in 2023 which focused on topics including water infrastructure, water rights, and climate resilience. Consequently, TCPUD received the 2023 Region 3 ACWA Outreach Recognition Award for legislative advocacy work on these critical issues. Additionally, through working with ACWA legislative advocates, the District has garnered support for TCPUD's critical issue of water infrastructure for fire suppression.

The Advanced Clean Fleets (ACF) Rule was created by the California Air Resources Board (CARB) to transition the state's medium- and heavy-duty fleet sectors to zero emission vehicles (ZEVs) in support of California's air, climate, and transportation goals. The ACF Rule became effective on November 1, 2023, and has had and will have continuing impacts to TCPUD to comply with the new regulations. Challenges related to securing equipment and vehicles that meet the ZEV requirements will be difficult to overcome given Tahoe's rural terrain and heavy winter weather events. In 2023, TCPUD proactively purchased two electric vehicles and continue to make plans to address this statewide regulation.

The following outlines the major 2023 Strategic Plan and Operational Priorities in-progress or accomplished during the year:

- Pursued legislative advocacy for TCPUD initiatives. The initiative to support water infrastructure for fire suppression is on-going and has resulted in a measurable increase in understanding this critical issue. During the year, TCPUD hosted legislative tours, collaborated on video production, and collaborated with Senator Alvarado-Gil on new legislation to promote water infrastructure for fire suppression. Additionally, TCPUD joined coalitions to support or oppose legislation on water rights, bond measures, clean fleet regulations, Brown Act meetings, and voter thresholds.
- The Infrastructure Improvement Charge (IIC) was approved by the TCPUD Board of Directors for customers of the Tahoe Cedars and Madden Creek water system service areas. The IIC is a recurring monthly fee of \$43.58, effective beginning

January 1, 2024, for a 30-year term, and is a component of a comprehensive capital funding strategy for the necessary and urgent reconstruction of these water systems.

- Pursued supplemental funding opportunities to offset the use of utility rate revenue and property tax revenue for capital utility and parks projects. This effort is a high priority, and TCPUD routinely submits funding applications to support a variety of projects that address drought mitigation, climate resilience, capital replacement of critical infrastructure, and community recreation improvements. In 2023, water and parks projects used \$1,525,010 in capital grant dollars.
- Initiated succession planning with consideration of new organizational structure and senior management job profiles. Succession planning includes creating professional development opportunities in-house, and as such the first Leadership Development Program launched in 2024 and is a yearlong program.
- Construction on the West Lake Tahoe Regional Water Treatment Plant (WLTRWTP) project continued into 2023. This project is designed to provide a permanent, drought-resistant, year-round water supply from Lake Tahoe. Once operational, the project will provide reliable drinking water to approximately 1,900 connections and improve water capacity for fire suppression purposes.
- Phase 2 of the SMART meter replacement project was completed and included the replacement of nearly 870 water meters. When completed in 2024, TCPUD will have installed approximately 3,500 meters to detect and respond more efficiently to water leaks, while also providing an opportunity for customers to maximize their water use efficiency.
- Completed Phase 3 of the North Lake Tahoe Active Recreation Assessment. Phase 3 helped determine the best property based special tax option to pursue, polled the community to evaluate level of support for a tax measure, and provided critical data to inform the strategy for placing a measure on the ballot to fund the project. In 2024, TCPUD and North Tahoe PUD will continue with the planning and pursuit of bringing a Recreation and Aquatic Center to the North Shore of Lake Tahoe.
- Successfully negotiated an updated MOU between TCPUD and International Union of Operating Engineers, Stationary Engineers, Local 39 Covering Engineering, Parks and Recreation (MOU) classified employees, for the period of 2024-2027.

Relevant financial policies

The TCPUD Board has adopted a comprehensive set of financial policies which provide prudent guidance and stewardship of TCPUD financial resources. Based on the reserve policies for the General Fund and Enterprise Funds, the Board annually adjusts the reserve balances to ensure financial stability, mitigate unanticipated financial events, and provide for future capital purchases and projects. During the year, the Board adopted Financial Policy No. 2020 Pension Funding and Financial Policy 2090 Compliance with Water Shutoff Protection Act. The financial policies can be found on the TCPUD website: www.tcpud.org/finance.

Strategic Planning, Long-term Financial Planning, and 2024 District Priorities

The TCPUD 2022-2026 Strategic Plan is revisited each year in conjunction with the annual budget cycle. The Strategic Plan focuses on providing governmental excellence in leadership, efficiency, and service. Financial sustainability is also a priority area for TCPUD as it continues to adapt to a dramatically evolving community and region.

The 2024 District strategic and operational priorities include the following, note the list is not all inclusive:

- Continue succession planning and organization development with a focus on the recruitment of key managers and refining the new Leadership Program.
- Participate in the Climate Transformation Alliance, a regional public-private partnership of local governments committed to achieve carbon neutrality by 2045.
- Actively monitor and pursue supplemental funding opportunities to offset the use of utility rate revenue and property tax revenue. This includes developing and implementing a water infrastructure funding strategy for Tahoe Cedars and Madden Creek water systems distribution replacement project.
- Enroll in a Section 115 Trust for pensions and develop a funding plan.
- Collaborate with an Enterprise Resource Planning consultant to perform a needs/gaps analysis, develop a Request for Proposal (RFP), and select the new ERP system(s) including replacement of VueWorks TCPUD's current computerized maintenance management system.
- The WLTRWTP construction project, as mentioned above, continues in 2024 and is scheduled to go into operation in the fall of 2024.
- Conduct Phase II of the Water & Sewer Rate Study setting maximum water and sewer rates for 2025-2029.
- Continue to work with the State Water Board, to secure TCPUD's surface water rights.
- Continue to pursue the acquisition of the Tahoe Swiss Village Utility, Inc. water system as part of TCPUD's regionalization strategy ensuring the availability of safe and reliable drinking water.
- Complete the North Lake Tahoe Active Recreation Facilities Assessment as discussed above.
- Continue to work with Kila Tahoe, LLC, the developer of the Tahoe City Lodge project adjacent to the Tahoe City Golf Course (TCGC). This project is an important redevelopment effort in the Tahoe City commercial core.
- Implement multi-factor authentication and a password management solution.
- Develop a Parks & Recreation cost recovery strategy and policy.

It is worth noting that external influences also play a significant role in prioritizing TCPUD workloads and community impacts, these include County and Regional planning efforts; significant demographic changes; unemployment rates; workforce housing shortages; other agencies' projects; expanding community expectations; technological changes and

opportunities; growing regulatory requirements; State requirements on small water systems; and climate change adaptation.

TCPUD continues to make substantial progress on TCPUD’s Long-term Financial Plan document (LTFP) with presentations in March and April 2024. This is important as it will result in an essential governance and management tool for TCPUD and become one of the key components in the overall organizational Strategic Plan, ensuring an annual process to evaluate long-term financial sustainability while providing a consistent level of service.

Providing extraordinary customer service and maintaining the Transparency Certificate of Excellence from the Special District Leadership Foundation is a commitment TCPUD will maintain into the future. This Certificate mandates implementation of the “best practices” in local government. Achieving this distinction sends a clear message that TCPUD is committed to engaging the public and creating greater awareness of TCPUD’s activities by remaining financially transparent and accessible.

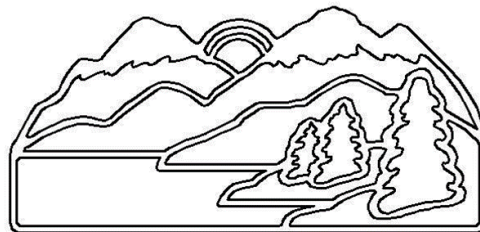
Acknowledgements

The preparation of this ACFR owes its success to the skill, effort, and dedication of the entire Accounting Department staff and other essential TCPUD team members. We extend our gratitude to all departments for their collaboration in furnishing the data essential for this ACFR. Special thanks to MUN CPAs, TCPUD’s independent auditors, for their professionalism and aid during this year-end financial audit. Additionally, credit is due to the Board of Directors for their unwavering support in upholding the highest standards of professionalism in managing the finances of the Tahoe City Public Utility District.

Respectfully submitted,


Sean Barclay
General Manager

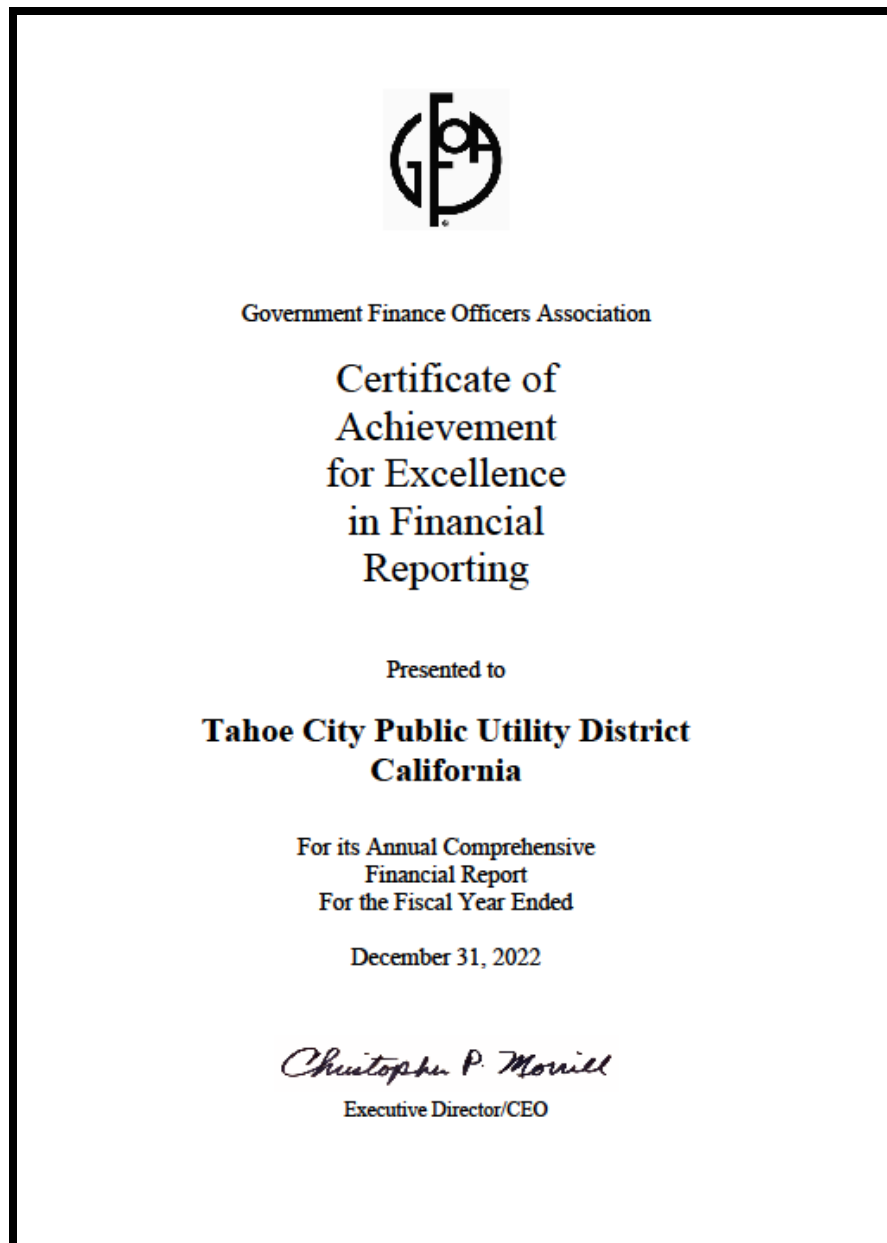

Ramona Cruz
Chief Financial Officer/Treasurer



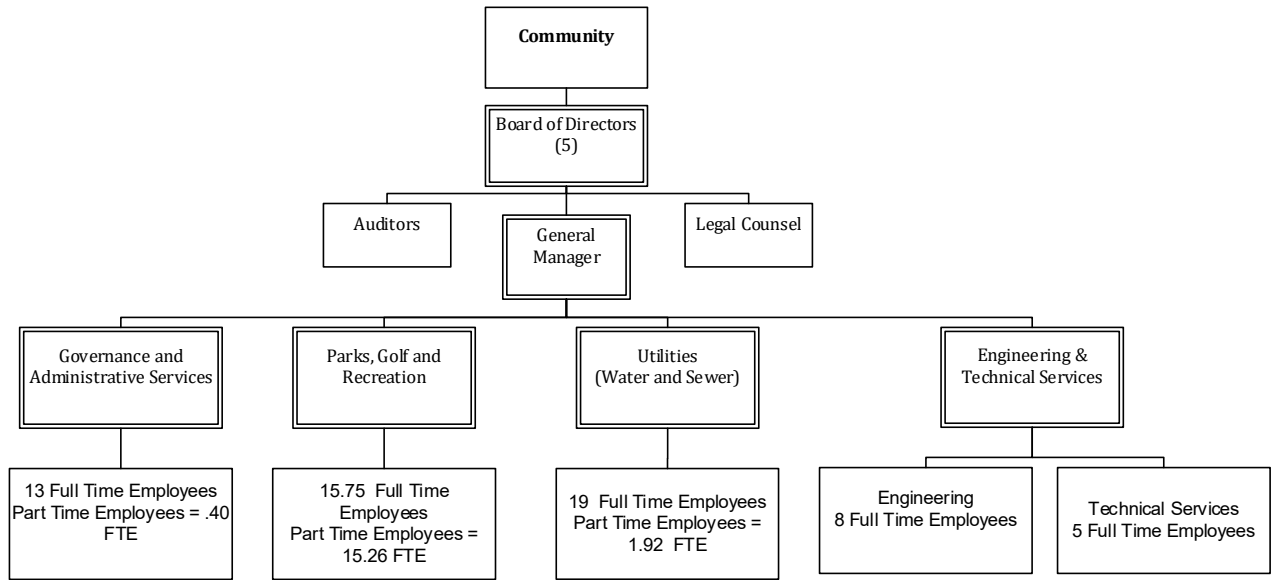
GFOA Certificate of Achievement for Excellence in Financial Reporting

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tahoe City Public Utility District for its annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.



TCPUD Wide Organizational Chart



List of Elected and Appointed Officials

Elected Officials

President	Ellie Beals	Term 2020-2024
Vice President	Judy Friedman	Term 2020-2024
Board of Director	Gail Scoville	Term 2022-2026
Board of Director	John Pang	Term 2022-2026
Board of Director	Dan Wilkins	Term 2020-2024

Appointed Officials

General Manager	Sean Barclay
Treasurer/Accountant	Ramona Cruz
District Clerk	Terri Viehmann



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tahoe City Public Utility District
Tahoe City, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type, and each major fund of the Tahoe City Public Utility District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Tahoe City Public Utility District, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules relating to the net pension liability and net other post-employment benefits liability as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Sacramento, California
June 14, 2024

Management Discussion and Analysis

The management discussion and analysis (MD&A) of the Tahoe City Public Utility District's financial performance provides an overview of TCPUD's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to assess the TCPUD's financial performance. Therefore, it should be read in conjunction with the TCPUD's financial statements and notes to the financial statements to enhance understanding of the TCPUD's financial performance.

Financial Highlights

Government-Wide

- The change in net position is up by \$12,603,547, up 10.0% from last year. Of the net position amount increase, \$5,057,000 is the net investment in capital assets, \$5,000 in restricted, and the remaining is \$7,541,547, is unrestricted.
- During the year, \$17,058,616 was invested in capital assets: Enterprise Fund \$14,564,391 and Governmental Activities \$2,494,225.
- Debt increased by \$5,764,421, up 88.5%.
- The net pension liability and related deferred outflow, and deferred inflow decreased by \$480,077, 4.7% from last year.
- The net OPEB liability and related deferred outflow, and deferred inflow decreased by \$1,785,773, 90.3% from last year.
- Government-wide program revenues decreased by \$2,076,816 or 9.5% from the previous year primarily due to the following changes:
 - Governmental Activities up \$441,226, or 17.6% from the previous year.
 - Business-type Activities down by \$2,518,042, or 13.0% from previous year.
- Government-wide expenses increased by \$3,726,274 or 23.6% from the previous year primarily due to the following changes:
 - Governmental Activities up \$1,554,013, or 23.9% from previous year.
 - Business-type Activities up by \$2,172,261, or 23.4% from previous year.
- Property tax revenue for the year is \$10,420,769, up \$665,983 or 6.8% from the previous year.
- Interest income for the year is \$1,972,873, up \$1,588,096 or 412.7% from the previous year.
- All scheduled debt payments were made on time.

Governmental Funds

- Long-term equipment and capital replacement balance of \$13,263,408 is up from the previous year by \$3,876,080 or 41.3%.
- Unrestricted fund balance of \$13,505,980 is up from previous year by \$1,056,070 or 8.5%.
- Revenues of \$14,027,595 are up \$2,114,616 or 17.5%.
- Expenditures of \$9,190,713 are up \$2,797,074 or 43.7%.

Water Fund

- Net position is \$56,799,799 is up from previous year by \$3,677,019 or 6.9%.
- Net investments in capital assets are \$48,331,942 up from last year by \$3,722,505 or 8.3%.
- Operating revenues of \$9,445,637 are up \$317,884 or 3.5%.
- Operating expenditures of \$7,011,563 are up \$1,261,119 or 21.9%.
- Capital grant revenue of \$1,174,516 was recorded and \$341,282 in grant receivables is due and outstanding.
- State Revolving Fund (SRF) loan proceeds received during the year are \$725,700 and \$5,830,253 in other receivables remain outstanding in connection with SRF loan proceeds.

Management Discussion and Analysis continued

Sewer Fund

- Net position of \$25,601,069 is up from previous year by \$2,772,967 or 12.1%.
- Net investments in capital assets are \$15,906,003 and are up \$894,423 or 6.0%.
- Operating revenues of \$6,364,372 are up \$279,894 or 4.6%.
- Operating expenditures of \$4,138,145 are up \$878,531 or 27.0%.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the TCPUD's basic financial statements. The TCPUD's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes the required supplementary information intended to furnish additional detail to support the basic financial statements and a Statistical Section.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the TCPUD's finances in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all the TCPUD's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the TCPUD is improving or deteriorating.

The *statement of activities* presents information showing how the TCPUD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and/or earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the TCPUD that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the TCPUD include general government, parks and recreation, and debt service fund. The business-type activities of the TCPUD include water and sewer operations, engineering, and technical services.

The government-wide financial statements can be found on pages 36 through 38 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The TCPUD, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the TCPUD can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the

Management Discussion and Analysis continued

government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The TCPUD maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The TCPUD adopts an annual budget for its general fund. A budgetary comparison statement has been provided on page 88 for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 40-43 of this report.

Proprietary Funds. The TCPUD maintains two enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The TCPUD uses enterprises funds to account for its water, sewer, technical services, and engineering departments.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, and can be found on pages 44-46.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements begin on page 47 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the TCPUD's progress in funding its obligation to provide pension benefits and Other Post-Employment Benefits (OPEB) to its employees. Required supplementary information begins on page 87 of this report.

Government-wide Overall Financial Analysis

The *Statement of Net Position* combines and consolidates TCPUD's governmental funds' current financial resources (short-term spendable resources) with capital assets, long-term obligation, and other long-term assets and liabilities. The Statement of Net Position also presents the enterprise fund. As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the TCPUD, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$138,854,888 at the close of the most recent fiscal year increasing \$12,603,547 or 10.0%. For governmental activities, net position increased by \$6,153,561 or 12.2%. For business-type activities, net position increased by \$6,449,986 or 8.5%.

The Statement of Net Position can be found on page 36-37 and is presented below in a condensed form for the purposes of this analysis.

Management Discussion and Analysis continued

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and noncurrent	\$ 28,464,686	\$ 23,380,324	\$ 23,187,546	\$ 22,440,830	\$ 51,652,232	\$ 45,821,154
Capital assets	34,277,249	33,669,883	78,188,903	65,740,587	112,466,152	99,410,470
Total assets	<u>62,741,935</u>	<u>57,050,207</u>	<u>101,376,449</u>	<u>88,181,417</u>	<u>164,118,384</u>	<u>145,231,624</u>
Deferred outflows of resources	<u>2,397,634</u>	<u>2,409,660</u>	<u>9,029,926</u>	<u>9,301,656</u>	<u>11,427,560</u>	<u>11,711,316</u>
Liabilities:						
Current and other liabilities	1,483,189	1,161,630	3,856,260	2,338,931	5,339,449	3,500,561
Long-term obligations	547,791	825,832	11,570,938	5,688,184	12,118,729	6,514,016
Net Pension liability	5,563,235	5,242,609	10,130,532	9,337,873	15,693,767	14,580,482
Net other post employment benefit	651,426	1,108,258	1,559,208	2,541,398	2,210,634	3,649,656
Total liabilities	<u>8,245,641</u>	<u>8,338,329</u>	<u>27,116,938</u>	<u>19,906,386</u>	<u>35,362,579</u>	<u>28,244,715</u>
Deferred inflows of resources	<u>439,461</u>	<u>820,632</u>	<u>889,016</u>	<u>1,626,252</u>	<u>1,328,477</u>	<u>2,446,884</u>
Net position:						
Net investment in capital assets	34,061,897	33,621,825	64,237,945	59,621,017	98,299,842	93,242,842
Restricted	18,800	13,800	51,200	51,200	70,000	65,000
Unrestricted	22,373,770	16,665,281	18,111,276	16,278,218	40,485,046	32,943,499
Total net position	<u>\$ 56,454,467</u>	<u>\$ 50,300,906</u>	<u>\$ 82,400,421</u>	<u>\$ 75,950,435</u>	<u>\$ 138,854,888</u>	<u>\$126,251,341</u>

- By far, the largest portion of the TCPUD's net position (70.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, right-to-use-equipment, vehicles, and infrastructure), less any related outstanding debt, accounts payable, and related liability used to acquire those assets. The TCPUD uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the TCPUD investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A combination of fees, rate revenue, and property tax is used to liquidate these liabilities. For governmental activities, net investment in capital assets increased by \$511,806 or 1.5% and business-type activities, net investment in capital assets increased by \$4,616,928 or 7.7%.
- Unrestricted net position of \$40,485,046 is available to meet TCPUD's ongoing obligation to its citizens and creditors and increased \$7,541,547 or 23% over previous year. For governmental activities, unrestricted net position of \$22,373,770 increased by \$5,708,489 or 35%. For business-type activities, unrestricted net position of \$18,111,276 increased by \$1,833,058 or 11.3%.
- Total assets of \$62,741,935 increased by \$18,886,760 or 13.0%. Of this amount, capital assets represent \$13,055,682 or 69.1%; Capital assets for Governmental activities increased \$607,366 and business-type activities increased \$12,448,316, respectively.
- Deferred outflows of resources of \$11,427,560 decreased by \$283,756 and is due to the differences between expected and actual experience related to pension and OPEB and to the amortized value of goodwill related to Tahoe Cedars and Madden Creek water systems.
- Total liabilities of \$8,245,641 increased \$7,117,864 or 25.2%; Governmental activities decreased by \$92,688 or 1.1% and business-type activities increased by \$7,210,552 or 36.2%, respectively.

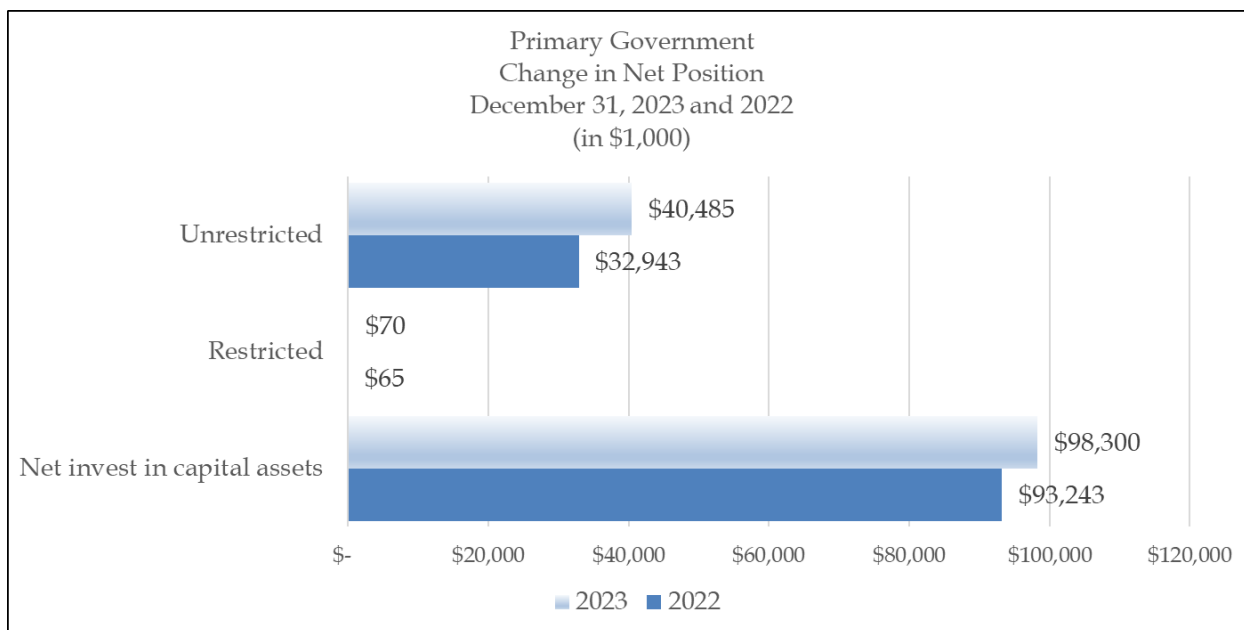
Management Discussion and Analysis continued

- Deferred inflows of resources of \$1,328,477 decreased by \$1,118,407 and is due to the change in assumptions and difference between projected and actual earnings of the plans.

During the year, TCPUD pledged \$172,909 for 2023 debt payments from property tax revenue.

Other considerations, such as changes in the condition of the TCPUD’s extensive water, sewer and park facilities infrastructure, the funding status of employee benefit plans, and growth in property tax revenues versus service commitments, must also be considered when assessing the overall financial health of the TCPUD.

The following chart demonstrates the relationship of net investment in capital assets, unrestricted, and restricted as component of net position.



The *Statement of Activities* focuses on both the gross and net cost of various functions making up the TCPUD’s governmental and business-type services, which are supported by charges for services, grants and contributions, property taxes, and other revenues. This statement summarizes and simplifies the user’s analysis of the total costs and tax subsidy levels of the services offered by the TCPUD. All information is prepared on an accrual basis using the economic resources measurement focus. The TCPUD first calculated and recorded accumulated depreciation/amortization for its governmental activities as of January 1, 2004, and has included depreciation/amortization expense in the 2023 information. The Statement of Activities can be found on page 38 and is presented below in a condensed form for the purposes of this analysis.

Management Discussion and Analysis continued

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Parks charges for services	\$ 1,979,965	\$ 1,897,727	\$ -	\$ -	\$ 1,979,965	\$ 1,897,727
Rec. charges for services	585,260	480,278	-	-	585,260	480,278
Water revenue	-	-	9,247,178	8,765,589	9,247,178	8,765,589
Sewer revenue	-	-	6,365,873	6,098,798	6,365,873	6,098,798
Operating grants and contributions	28,524	61,362	-	-	28,524	61,362
Capital grants and contributions	350,494	63,650	1,174,516	4,441,224	1,525,010	4,504,874
Total program revenues	2,944,243	2,503,017	16,787,567	19,305,611	19,731,810	21,808,628
Expenses:						
Parks - direct expenses	6,574,899	5,243,973	-	-	6,574,899	5,243,973
Recreation - direct expense	1,273,101	1,019,729	-	-	1,273,101	1,019,729
Water - direct expense	-	-	7,009,094	5,748,620	7,009,094	5,748,620
Sewer-direct expense	-	-	4,132,832	3,255,910	4,132,832	3,255,910
Interest on long-term debt	13,631	15,882	25,429	34,457	39,060	50,339
Indirect expenses	198,107	226,141	294,812	250,921	492,919	477,062
Total expenses	8,059,738	6,505,725	11,462,167	9,289,908	19,521,905	15,795,633
Net revenue (expense)	(5,115,495)	(4,002,708)	5,325,400	10,015,703	209,905	6,012,995
General Revenues:						
Property taxes	10,187,604	9,361,073	233,165	393,713	10,420,769	9,754,786
Investment earnings	1,081,452	231,489	891,421	153,288	1,972,873	384,777
Total general revenues before transfers	11,269,056	9,592,562	1,124,586	547,001	12,393,642	10,139,563
Transfers	-	(866,133)	-	866,133	-	-
Total general revenues	11,269,056	8,726,429	1,124,586	1,413,134	12,393,642	10,139,563
Change in net position	6,153,561	4,723,721	6,449,986	11,428,837	12,603,547	16,152,558
Net Position - Beginning	50,300,906	45,577,185	75,950,435	64,521,598	126,251,341	110,098,783
Net Position - Ending	\$56,454,467	\$50,300,906	\$82,400,421	\$75,950,435	\$ 138,854,888	\$ 126,251,341

Governmental Activities. Governmental activities consist of parks, the golf course, winter sports park, and recreation operations, which are supported by property taxes, user fees, capital and operating grants, and donations. It is important to understand that capital grants are included as revenues in the year earned based on project design and construction expenditures and may far exceed depreciation/amortization expense in a particular year. Due to the restricted nature of these grants, this cash is not available for general operations. Depreciation/amortization expense on the related long-lived assets will be presented over many future years, while all the capital grant revenue was recognized during design and construction.

The positive trend in the growth in property tax revenue, owing to higher assessed property values, is the largest driver to the positive net position trend. Additionally, the growth in program fees from parks, recreational programs, and season pass sales persists due to the shift in people's engagement in outdoor activities resulting from COVID-19. Interest income is greater than the previous year by \$849,963 because of higher interest rates.

Total expenses are up \$1,554,013 or 23.9%. Annual personnel costs cost of living increases, merit, retirement benefits, increasing supply cost, and the initiation of a one-time slurry seal maintenance project contributed to direct expenses increase year over year. Additionally, changes in expected and actual experience and change in assumptions for pension and OPEB expenses also contributed to the increase in direct expenses.

Management Discussion and Analysis continued

Business-type Activities. Business-type activities reflect private sector-type operations, such as water and sewer services and the related Engineering and Technical Service departments. User fees charges cover all the costs of operation, including depreciation/amortization. The TCPUD has funded capital expenditures with a portion of general property tax transfers from the governmental operation due to the low customer density of its service area and the high costs of environmental compliance in the Lake Tahoe Basin. In 2023, \$33,205 in property tax was transferred from governmental operation to the water business-type activities to fund interest expense for the West Lake Tahoe Regional Water Treatment Plant (WLTRWTP).

Water and Sewer revenues increased 5.5% and 4.4% respectively over last year reflecting the full Proposition 218 maximum rates for 2023. Capital grant revenue for the WLTRWTP was less than the previous year by \$3,266,708, and interest income greater by \$738,133 because of higher interest rates.

Total expenses are up \$2,172,261 or 23.4%. Annual personnel costs cost of living increases, merit, retirement benefits, and increasing supply cost contributed to expenses increase year over year. Additionally, changes in expected and actual experience and change in assumptions for pension and OPEB expenses also contributed to the increase in direct expenses.

Financial Analysis of TCPUD's Governmental Funds

As noted earlier, TCPUD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the TCPUD's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing TCPUD's financing requirements. Unassigned fund balance may serve as a useful measurement of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the TCPUD itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the TCPUD Board of Directors.

On December 31, 2023, the TCPUD's governmental funds reported combined fund balances of \$27,219,443, an increase of \$5,026,891 or 22.7% in comparison with the prior year. Refer to the subsequent discussion on revenues and expenditures, which highlights the changes in the fund balance.

Approximately 49.6% or \$13,505,980, of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: 1) not in spendable form \$384,519, 2) \$18,800 restricted for various projects, 3) \$13,263,408 for long-term equipment and capital replacement purposes, and 4) assigned \$46,736 for particular purposes. The general fund is the chief operating fund of the TCPUD.

Revenues – The following table presents the revenue from various sources as well as increases or decreases from the prior year for the General Fund.

Management Discussion and Analysis continued

Revenues	2023 Actuals	% of Total	2022 Actuals	% of Total	Increase (Decrease)	% of Change
Fees	\$ 1,163,733	8.3%	\$ 1,031,894	8.7%	\$ 131,839	12.8%
Property taxes	10,047,901	71.6%	9,221,370	77.4%	826,531	9.0%
Interest	1,081,452	7.7%	231,489	1.9%	849,963	367.2%
Grants	371,377	2.6%	73,906	0.6%	297,471	402.5%
Other	1,363,132	9.7%	1,354,320	11.4%	8,812	0.7%
Total revenues	\$ 14,027,595	100.0%	\$ 11,912,979	100.0%	\$ 2,114,616	17.8%

Revenue is greater than last year's actuals by \$2,114,616 and the following provides an explanation of significant change in revenue from prior year:

- Fees increases of \$131,839 was driven by increases in rates and program fees, as well as a greater number of enrollments in recreation programs.
- Property tax revenue exceeded last year's actuals by \$826,531, largely attributable to the rise in property assessed values resulting from reassessment upon property sale.
- Interest income saw higher interest rates.
- Grant revenue is greater by \$297,471 due to grants secured for the Lake Forest Boat Ramp Bathroom project and increased trail snow removal grant.

Expenditures - The following table presents the expenditures by function compared to prior year amounts.

Expenditures	2023 Actuals	% of Total	2022 Actuals	% of Total	Increase (Decrease)	% of Change
Public works - Parks	\$ 5,154,807	56.1%	\$ 4,157,433	65.0%	\$ 997,374	24.0%
Recreation	1,242,598	13.5%	1,060,329	16.6%	182,269	17.2%
Other operating	159,380	1.7%	153,691	2.4%	5,689	3.7%
Capital outlay	2,494,225	27.1%	882,483	13.8%	1,611,742	182.6%
Debt service	139,703	1.5%	139,703	2.2%	-	0.0%
Total expenditures	\$ 9,190,713	100.0%	\$ 6,393,639	100.0%	\$ 2,797,074	43.7%

Expenditures is greater than last year's actuals by \$2,797,074 and the following provides an explanation of significant change in expenditures from prior year:

- Public works - Parks
 - Personnel costs are \$286,577, greater than last year because of planned cost of living & merit increases and associated benefits and being fully staffed.
 - Part-time costs are greater by \$85,461 reflecting the ability to fill seasonal positions.
 - Repairs and maintenance costs are \$159,139 greater than last year reflecting a one-time slurry seal maintenance project.
 - Snow removal cost greater due to heavy snow levels at beginning of year.
- Recreation
 - Personnel costs are \$25,875 greater than last year because of planned cost of living & merit increases and associated benefits.
 - Seasonal costs are greater by \$56,293 due to increased participation.
 - Small equipment costs greater by \$19,802 for purchases of portable scoreboards and sailing program equipment.
 - Equipment rental cost greater by \$10,121 for various rentals for recreational programs.

Management Discussion and Analysis continued

- Other Purchased Services cost greater by \$32,203 due to an increase to the Intern bi-weekly stipend.
- Capital outlay represents \$1,611,742 or 57.6% of the year-on-year increase and includes cost for the Lake Forest Boat Ramp Bathroom project, land improvements, and vehicle purchases.

General Fund Budgetary Highlights

The following table shows the variances of actuals to budget. The revenue and expenditures budget comparison schedule can be found on page 88.

Revenues:	Budget	Actual Amounts	Variance Favorable (Unfavorable)	% of Variance
Fees	\$ 1,392,221	\$ 1,163,733	\$ (228,488)	-22.3%
Property taxes	9,345,686	10,047,901	702,215	68.4%
Interest	174,403	1,081,452	907,049	88.3%
Grants	711,366	371,377	(339,989)	-33.1%
Other	1,377,056	1,363,132	(13,924)	-1.4%
Total revenues	<u>\$ 13,000,732</u>	<u>\$ 14,027,595</u>	<u>\$ 1,026,863</u>	<u>100.0%</u>

The Parks and Recreation total revenue is favorable to budget by \$1,026,863 largely due to property tax revenue and interest income favorable to budget due to positive trend in the growth in property tax revenue, owing to higher assessed property values and interest income because of higher interest rates. Fees are under budget largely because of the number of boat ramp launches being less than budgeted. The Grants unfavorable to budget is due to capital grants not secured therefore the capital outlay expenditure was not made.

Expenditures	Budget	Actual Amounts	Variance Favorable (Unfavorable)	% of Variance
Public works - Parks	\$ 5,458,970	\$ 5,154,807	\$ 304,163	19.9%
Recreation	1,386,605	1,242,598	144,007	9.4%
Other operating	310,546	159,380	151,166	9.9%
Capital outlay	3,423,262	2,494,225	929,037	60.8%
Total expenditures	<u>\$ 10,579,383</u>	<u>\$ 9,051,010</u>	<u>\$ 1,528,373</u>	<u>100.0%</u>

Overall, parks and recreation expenditures were \$1,528,373 favorable to budget largely due to underspending in capital outlay because of reduced capital spending at the Tahoe City Golf Course and the Tahoe City Community Center Building Occupancy Conversion project. Unfilled part-time positions due to the high cost of living and affordable living accommodation around Tahoe created favorable variance in both parks and recreation operations. One-time slurry seal project was less than anticipated in the budget.

Proprietary Funds. TCPUD's proprietary funds statements provide the same type of information found in the government-wide financial statement, but in more detail broken out by the Water

Management Discussion and Analysis continued

Fund and Sewer Fund. The Statement of Revenues, Expense and Changes in Net Position for the Proprietary Funds can be found on page 45.

At the fiscal year, the net position for the water and sewer funds were \$56,799,352 and \$25,601,069 respectively, up 6.5% and 10.8%.

	Proprietary Funds		Total
	Water Fund	Sewer Fund	
Beginning net position	\$ 53,122,333	\$ 22,828,102	\$ 75,950,435
Change in net position	3,677,019	2,772,967	6,449,986
Ending net position	<u>\$ 56,799,352</u>	<u>\$ 25,601,069</u>	<u>\$ 82,400,421</u>

The following chart shows how the ending net position breaks out for the Water and Sewer Funds:

	Proprietary Funds		Total
	Water Fund	Sewer Fund	
Net investment in capital assets	\$ 48,331,942	\$ 15,906,003	\$ 64,237,945
Restricted for:			
Guarantees of permit performance	50,700	500	51,200
Unrestricted	8,416,710	9,694,566	18,111,276
Total net position	<u>\$ 56,799,352</u>	<u>\$ 25,601,069</u>	<u>\$ 82,400,421</u>

Water and Sewer Funds primarily rely on user charges and other income for their operations. Below are the 2023 water revenues and expenses compared to the previous year.

Revenues	Water Actuals		Increase (decrease)	
	2023	2022	Amount	% Chg.
Charges for services	\$ 9,247,178	\$ 8,765,589	\$ 481,589	5.5%
Property Tax for rate transition	199,960	376,484	(176,524)	-46.9%
Capital Grants	1,174,516	4,441,224	(3,266,708)	-73.6%
Interest income	345,852	59,939	285,913	477.0%
Property Tax for debt service	33,205	17,229	15,976	92.7%
Transfer from General Fund	-	866,133	(866,133)	-100.0%
	<u>11,000,711</u>	<u>14,526,598</u>	<u>(3,525,887)</u>	<u>-24.3%</u>
Less Expenses	7,323,692	6,030,293	1,293,399	21.4%
Change in net position	<u>\$ 3,677,019</u>	<u>\$ 8,496,305</u>	<u>\$ (4,819,286)</u>	<u>-56.7%</u>

Charges for water services increase because of the adopted 2023 water base and consumption rates set to the maximum allowable amounts per Proposition 218. Property tax revenue is utilized to transition the Tahoe Cedars and Madden Creek water systems and declines each year. By 2024, all water customers will be on the same rate schedule. Capital grants represent the sum obtained and accrued within a specific year, gradually decreasing until new grants are obtained. Interest income increased due to higher rates of interest earned. The Board has authorized the use of property tax to cover 50% of the debt service on the WLTRWTP project which is estimated to be approximately \$556,000 once the project is completed. Currently, only the interest on a portion of the loan is reflected. Expenses have increased by 21.4%, primarily due to pension and OPEB year-end adjustments required by GASB 68 and 75.

Management Discussion and Analysis continued

Below are the 2023 sewer revenues and expenses compared to previous year.

Revenues	Sewer		Increase (decrease)	
	2023	2022	Amount	% Chg.
Charges for services	\$ 6,365,873	\$ 6,098,798	\$ 267,075	4.4%
Interest income	545,569	93,349	452,220	484.4%
	6,911,442	6,192,147	719,295	11.6%
Less Expenses	4,138,475	3,259,615	878,860	27.0%
Change in net position	\$ 2,772,967	\$ 2,932,532	\$ (159,565)	-5.4%

Charges for sewer services are up and a result of the adopted 2023 sewer base rates at the maximum allowable amounts per Proposition 218 and interest income increased due to higher rates of interest earned. Expenses have increased by 27.0%, primarily due to pension and OPEB year-end adjustments mandated by GASB 68 and 75.

Capital Assets and Debt Administration

Capital Assets. The TCPUD investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$112,466,152 (net of accumulated depreciation/amortization). This investment in capital assets includes land, water treatment plant, buildings, machinery, equipment, vehicles, and parking facilities. The total net increase in capital assets for the current fiscal year was approximately 13.1%.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 10,947,445	\$ 10,583,119	\$ 42,957	\$ 42,957	\$ 10,990,402	\$ 10,626,076
Facilities	19,060,072	19,567,603	45,604,250	42,799,165	64,664,322	62,366,768
Right-to-use leased equipment	22,153	38,545	-	-	22,153	38,545
SBITA	34,652	-	81,422	-	116,074	-
Office building and equipment	2,111,381	2,211,977	3,447,540	3,647,074	5,558,921	5,859,051
Vehicles	724,003	303,269	1,517,899	1,483,052	2,241,902	1,786,321
Construction in progress	1,377,543	965,370	27,494,835	17,768,339	28,872,378	18,733,709
Total capital assets, net	\$ 34,277,249	\$ 33,669,883	\$ 78,188,903	\$ 65,740,587	\$ 112,466,152	\$ 99,410,470

During 2023, the TCPUD spent \$17,058,616 on capital items for the benefit of the community. The significant projects included in this amount were: Lake Forest Boat Ramp (LFBR) Bathrooms Replacement, West Lake Tahoe Regional Water Treatment Plant, HWY 28 Conductor Crossing, Madden Creek System Upgrades, Smart Meter Replacement, Dardanelles Waterline Replacement Sewer Pump Station Improvements, Emergency Bypass Pump Stations, and various vehicle & equipment purchases.

Additional information on capital assets can be found in the notes to the financial statements (see Note 5. Capital Assets).

Management Discussion and Analysis continued

The following table presents the TCPUD's more significant capital additions during 2022 and 2023:

	Additions to Capital Assets	
	2022	2023
Governmental Activities		
TCGC/WSP Drainage Repairs/Rehabilitation	\$ -	\$ 11,418
TCGC/WSP Maintenance Facility Replacement	4,487	-
Tahoe City Community Center Building Improvements	57,544	48,262
TCCC-2022 Parks Office Remodel	54,752	-
Lake Forest Boat Ramp Restroom Replacement	70,041	717,365
Air Handler Unit Replacements	268,652	120,493
West Shore Trail Rehab Project	68,301	186,799
Placer Co. Bechdolt Driveway	-	364,326
Vehicles and Equipment	184,393	575,175
Other projects	174,314	470,386
SBITAs	-	52,441
Total governmental activities	<u>\$ 882,483</u>	<u>\$ 2,546,666</u>
Water Activities		
West Lake Tahoe Regional Water Treatment Plant	7,492,771	8,700,664
Madden Creek Water Interconnection	706,863	8,787
Madden Creek System Upgrades	-	241,977
Replace Telemetry RTUs - Water	50,165	1,750
West Shore Storage Augmentation	169,265	71,190
HWY 28 Conductor Crossing	64,364	936,896
Smart Meter Replacement Program	400,429	692,230
Tahoe Cedars 2nd Ave. Water Main Replacement	22,631	325,283
Dardanelles Waterline Replacement	9,911	1,320,795
Vehicles, Mobile Equipment, Equipment	40,221	134,811
Other Projects	26,180	297,966
SBITAs	-	67,489
Total Water Activities	<u>8,982,799</u>	<u>12,799,837</u>
Sewer Activities		
Dollar/Edgewater Sewer Line Replacement	124,940	6,485
Tahoe City Residential Sewer System Rehabilitation # 3	360,202	796
Line Replacement / Sliplining, Manhole Rehabilitation	172,339	23,423
Emergency Bypass Pump Stations	446,147	1,124,038
McKinney Sewer Pump Station	151,385	203,806
SPS Storage Improvements	456,419	124,162
Vehicles, mobile equipment, equipment	40,221	134,810
Other projects	64,836	133,102
SBITAs	-	67,489
Total Sewer activities	<u>1,816,490</u>	<u>1,818,111</u>
Total TCPUD	<u>\$ 11,681,773</u>	<u>\$ 17,164,614</u>

Long-term financial planning has allowed TCPUD to identify critical capital projects funding strategies. It became apparent to the TCPUD that a more significant level of water and sewer capital projects would be necessary going forward to meet ever more stringent regulatory requirements and maintain service levels.

Management Discussion and Analysis continued

The TCPUD embarked on its first five-year water and sewer rate study in 2008 which established rates to fund operations and vital capital and continues to update every five-years as outlined in Financial Policy No. 2050 Establish Water and Sewer Rates and Fees. HDR Engineering, Inc. (HDR) was originally hired to conduct TCPUD's initial water and sewer rate study and has continued to be engaged for subsequent projects, including the ongoing 2025-2029 water and sewer rate study. The philosophical approach of TCPUD is to maintain a unified sewer and water system across our entire service area that equitably distributes the cost of current and future system needs, achieves the highest service standards, and provides all TCPUD customers with the benefit of an economy of scale for the operation, maintenance, and infrastructure investments in our sewer and water system District-wide. The 2025-2029 water and sewer rate study are broken out into two phases. Phase one was completed in 2023 and focused on the cost-of-service approach for the infrastructure cost unique to Tahoe Cedar and Madden Creek water customers resulting in an Infrastructure Improvement Charge (IIC) of \$43.58/per month, per water service account for 30 years which was adopted by the Board October 2023. Collection of the IIC began January 2024. Phase two will focus on the cost-of-service approach for all water customers, which will be the comprehensive water and sewer rate study. This study will result in proposed water and sewer rates for the next five-year period starting in 2025.

During the 2020-2024 rate study, HDR also assisted in the development of a rate transition plan for the private water systems Tahoe Cedars and Madden Creek acquired in 2018. The Tahoe Cedars and Madden Creek system rates at the time of purchase were significantly less than the District's current rate levels. Given this, the District Board determined a rate transition plan was necessary to minimize impacts to these customers funding the difference in the rates through annual property tax revenue transferred to the water fund. In this way, existing customer rate revenue will not provide funding for the transition of the Tahoe Cedars and Madden Creek customers who will reach TCPUD's current rates in 2024.

Tahoe Cedars and Madden Creek water systems are important components of the 2025-2029 water rate study and the long-term financial plan. In February 2021, the Board of Directors adopted the Tahoe Cedars and Madden Creek Water Systems Master Plans, which recommended the full reconstruction of both systems and estimated the present-value costs of this reconstruction at \$44 million; today's estimate for both water systems are \$59.3 million. TCPUD will need to finance a portion of the cost of reconstruction and secure additional revenue streams. The IIC will be used for these affected water customers and use of property tax revenue is under consideration.

Substantial work continues on the West Lake Tahoe Regional Water Treatment Plant (WLTRWTP) and in 2023, \$8,700,664 was spent on this project. The total budgeted cost is estimated at \$27 million. The TCPUD has secured a \$20 million State Revolving Fund (SRF) loan to fund the WLTRWTP and \$5.5 million in grant funding. The WLTRWTP is scheduled to go into operation in the fall of 2024.

Long-term financial planning has allowed TCPUD to step back and evaluate the governmental assets and identified a strategic initiative to complete a parks & facilities infrastructure asset value and replacement strategy. Capital project work continues on various governmental assets such as the 221 Fairway Administration Offices, park's facilities, and vehicles and equipment totaling \$2,494,225 in 2023.

TCPUD is actively monitoring and pursuing supplemental funding opportunities to offset the use of utility rate revenue and property tax revenue. This initiative is a high priority, and TCPUD routinely submits funding applications to support a variety of projects that address drought

Management Discussion and Analysis continued

mitigation, climate resilience, and investment in critical infrastructure. Grant funds secured in 2023 were \$1,525,010 for various capital projects.

At December 31, 2023, the TCPUD utilized \$59,221,493 of gross depreciable capital assets at historical cost, consisting primarily of recreational facilities, in its Governmental Activities; and \$106,622,741 of gross depreciable capital assets at historical cost, consisting primarily of water and sewer plants, in its Business-type Activities.

TCPUD's reserve policies require an annual analysis to set reserve balances for the year. The reserves were updated in 2023 and the Governmental and Business-type Activities reserve balances were set as follows:

	Governmental	Business-type Activities		Total
	Activities	Water	Sewer	Business-type
Operating Reserve	\$ 1,675,769	\$ 1,512,526	\$ 1,188,816	\$ 2,701,342
Fleet & Equipment Replacement Reserve	1,051,176	848,740	1,887,593	2,736,333
Infrastructure Capital Replacement Reserve	8,212,232	1,608,703	4,096,912	5,705,615
Water System Acquisition & Infrastructure Improvement Property Tax Reserve	-	3,000,000	-	3,000,000
Priority Project Capital Reserve	4,000,000	-	-	-
Total Reserves by Fund	\$ 14,939,177	\$ 6,969,969	\$ 7,173,321	\$ 14,143,290

The five-year capital plan for 2024-2028 is \$107,674,480, of which \$475,000 in grants is secured and a SRF borrowing secured for the WLTRWTP. The five-year capital plan calls for \$61,558,523 for water, \$19,345,371 for sewer, \$22,814,339 for Parks and Recreation and \$3,956,246 for TCPUD vehicles. The water and sewer rate structure, infrastructure improvement charge, grant funding, property tax and some level of capital financing make this level of capital improvements possible.

Long-term Debt. At the end of the current fiscal year, the TCPUD had total debt outstanding of \$12,278,737 backed by the full faith and credit of the government. Additional information on long-term debt can be found in the notes to the financial statements (See Note 6. Long-Term Liabilities).

	Governmental		Business-type		Total	
	Activities		Activities		Total	
	2023	2022	2023	2022	2023	2022
State Revolving Loan	\$ 662,269	\$ 787,769	\$ 11,507,648	\$5,688,184	\$ 12,169,917	\$6,475,953
Lease liabilities	20,492	-	-	-	20,492	-
SBITA liabilities	25,038	38,063	63,290	-	88,328	38,063
Total long-term debt	\$ 707,799	\$ 825,832	\$ 11,570,938	\$5,688,184	\$ 12,278,737	\$6,514,016

The Debt Management Policy Number 2040 provides guidelines for the structure of debt issuance, adherence to laws and regulations, and the commitment to a long-term financial planning process. The Interfund Loan Policy Number 2080 provides guidelines for interfund loans.

There are several private water companies located on the west shore of Tahoe that from time to time, their owners or customers, approach TCPUD to purchase their water systems for a variety of reasons. It is often difficult for these systems to obtain financing for upgrades due to their small size. TCPUD may use its borrowing capacity in the near future and over the next decade to finance upgrades to water systems it acquires and be repaid by either special assessments or a capital infrastructure charge from these new water customers or property tax and continued grant funding

Management Discussion and Analysis continued

as available. Per the District's Water System Acquisition Policy Number 2025, TCPUD intends to continue to assess and respond to the changing water needs in the community and provide for the equitable future use of property tax. In these circumstances, property tax may be used with Board approval. At the end of 2023, TCPUD was in negotiations to purchase one of these private water systems.

Economic Factors and Next Year's Budgets

The following economic factors currently affect TCPUD and were considered in developing the 2024 fiscal year budget:

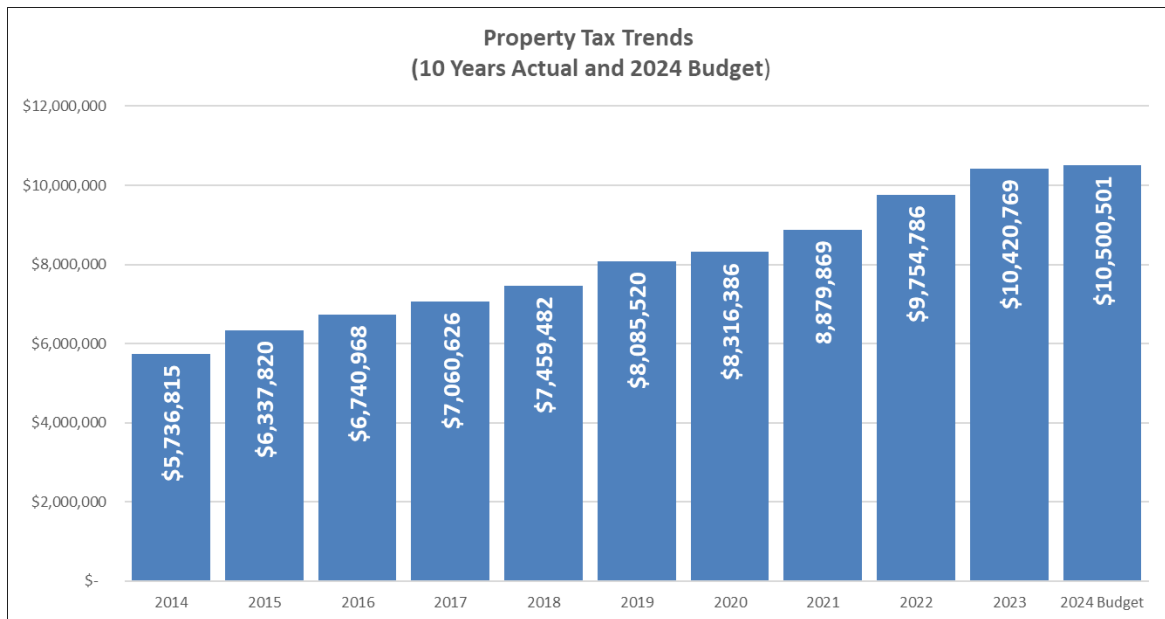
- Tahoe City Public Utility District 2024 Operating and Capital Budget is \$40,065,182 across all funds and breaks out as follows: \$19,839,287 for operations and \$20,225,895 for capital projects. This represents an increase of \$323,018 over 2023 or 0.88% with operational budgets increasing by \$1,398,652 or 7.0% and capital budgets decreasing by (\$1,075,634) or -5.3% respectively.
 - The 2024 Water Fund Budget is \$15,274,792 down from previous year by (\$3,507,797) or -18.7%; Operating budget increased by \$597,330 or 9.5% and capital budget decreased by (\$4,105,127) or -32.8%.
 - Sewer Fund 2024 Budget is \$11,091,431 up from previous year by \$850,940 or 8.3%; Operating budget increased by \$113,548 or 2.3% and capital budget increased by \$737,392 or 13.8%.
 - Governmental Funds Budget is \$13,698,960 up from previous year by \$2,979,878 or 27.8%; Operating budget increased by \$687,774 or 9.4% and the capital budget increased by \$2,292,101 or 67.0%.
- District-wide personnel costs make up 71.7% of TCPUD's operating budget. TCPUD works closely with the employees and their union/bargaining group. By the end of 2023, TCPUD successfully negotiated a four-year agreement which will result in OPEB savings in future years. The MOU will expire at the end of 2027.

TCPUD budgeted revenues are substantially made up of water and sewer rate revenues and property tax.

- Water and sewer base rate revenues are a stable source of income. Due to TCPUD's widely fluctuating population, TCPUD's rate model relies mostly on the base rate to support operations, unlike metropolitan areas. Water base revenue makes up 82.3% of water's operating revenue and consumption 16.6%. Other areas of the state with stable year-round populations can depend on collecting more of their fixed costs through their consumption rates; as customer usage characteristics are more uniform and predictable. Sewer base rate revenues are 98.8% of operating revenue. Water and sewer rates were approved at the 2024 Proposition 218 maximum rates and resulting in water and water operating revenues increasing 4.8% and 4.4%, respectively.
- Property tax revenue is reported in the General Fund and is a stable revenue source for TCPUD and is the largest single source of revenue at \$10,500,501 or 34.5%. This revenue source continues to grow annually due to growth in assessed values. Under California property tax law, assessed value growth is capped at 2%, however; when real estate is sold, it is assessed for the new owner base, which is typically market value or purchase price. The

Management Discussion and Analysis continued

following Property Tax Trends bar graph shows the last 10 years of actual property tax collection and the 2024 budget.



- The current state of the drought in California has dramatically improved from last year because of 2 back-to-back winter seasons, with 2022/23 reporting one of the deepest snowpacks since 1952 and 2023/24 winter season producing above average snowpack. In response to the significant precipitation and improved water conditions statewide, on March 24, 2023, Governor Newsom issued Executive Order N-5-23 rescinding portions of the previous drought based Executive Orders.
- On May 31, 2018, Governor Brown signed two bills which build on the ongoing efforts to make water conservation a California way of life. Senate Bill 606 Herzberg and AB 1668 Friedman emphasize efficiency and strengthening existing water supplies. SB 606 and AB 1668 establish guidelines for efficient water use and a framework for the implementation and oversight of the new standards. The two bills strengthen the state's water resiliency in the face of future droughts with provisions that include:
 - AB 1668: In 2022, The State Water Resource Control Board and Division of Water Resources established standards and performance measures to achieve an indoor per person water use goal of 55 gallons per day until 2025, 47.0 gallons from 2025 to 2030, and 42.0 gallons beginning in 2030; and
 - SB 606: By November 1, 2023, requires both urban retail and agricultural water suppliers to set annual urban water use objectives and prepare plans for drought.
 - TCPUD's ground water supplies are adequate to meet all demands now and into the future. The metering of water services has resulted in a significant reduction in total system water demands, as have intensive conservation efforts. Continued investments in water conservation, smart metering, leak detection, and water loss tracking will continue to reinforce TCPUD's commitment to conservation and position it to meet future standards.
- TCPUD staff continue to work with our partners to support and advocate for legislation that recognizes firefighting infrastructure as a critical component to address drought and climate change adaptation. These legislatively enacted funding mechanisms could support

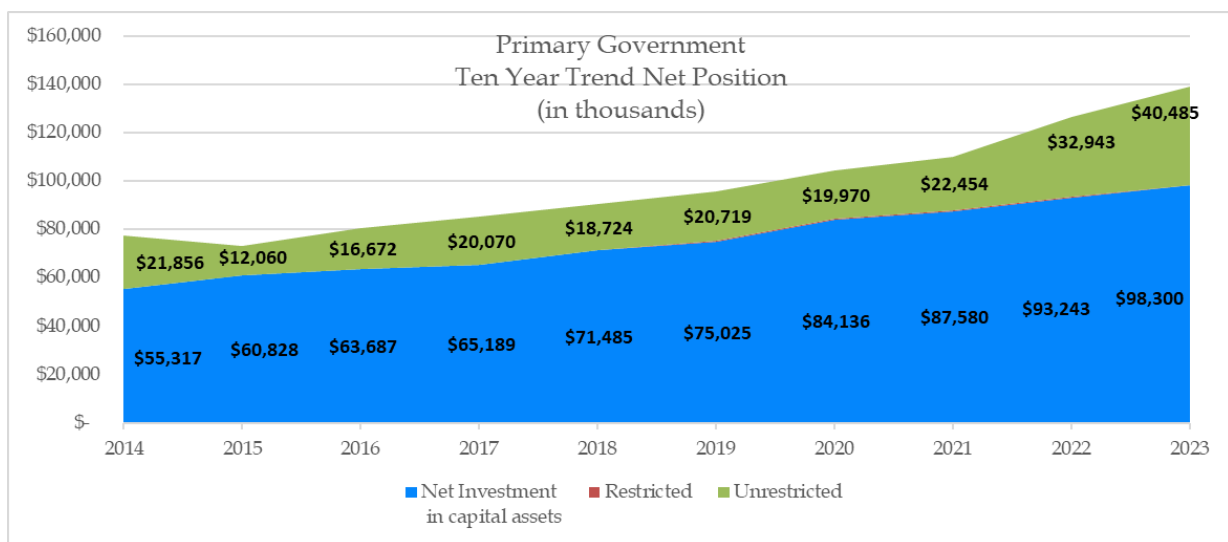
Management Discussion and Analysis continued

improvement and/or replacement of the TCPUD's water delivery and storage infrastructure.

- Toward the end of 2021, CalPERS completed the Asset Liability Management (ALM) process. The ALM process runs on a 4-year process and concluded in November 2021, resulting in the CalPERS Board of Administration holding the current discount rate of 6.8% and adopted new actuarial assumptions. The 6.8% will apply to fiscal years 2023-24. In April 2023, TCPUD adopted a Financial Policy 2020 Pension Fundings intended to provide reasonable assurance that the associated pension costs will be funded in a sustainable manner.
- The Other Post Employment Benefit (OPEB) policy will be developed in 2024 intended to provide reasonable assurance that the associated OPEB costs will be funded in a sustainable manner. TCPUD funds the full actuarially determined contribution each year.
- TCPUD difficulty in recruiting employees is largely attributed to housing issues prevalent in the Tahoe and Truckee region. Workforce housing remains a prominent concern on a regional scale in these areas, and TCPUD remains committed to actively participating in addressing this ongoing challenge.
- On December 15, 2023, the Board of Directors adopted a new MOU covering classified employees with the International Union of Operating Engineers, Stationary Engineers, Local 39 covering the period January 1, 2024 - December 31, 2027.

Summary

Over the past decade, TCPUD's financial condition has steadily improved. There was a decrease in unrestricted net position in fiscal year 2015, primarily attributable to the adoption of GASB 68, and again in fiscal year 2018, reflecting the implementation of GASB Statement No. 75. However, in the current fiscal year of 2023, the overall net position shows a consistent year-on-year increase.



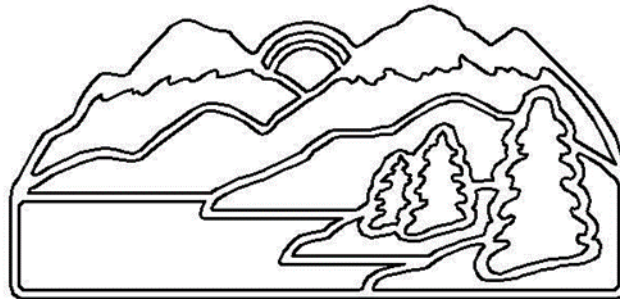
Net investment in capital assets increased \$5,128,576 or 5.5% largely due to capital projects such as the WLTRWIP, Hwy 28 Conductor Crossing, Dardanelles Waterline Replacement, Smart Meter Replacement Program, Emergency Bypass Facilities Phase 2, Lake Forest Boat Ramp Bathroom,

Management Discussion and Analysis continued

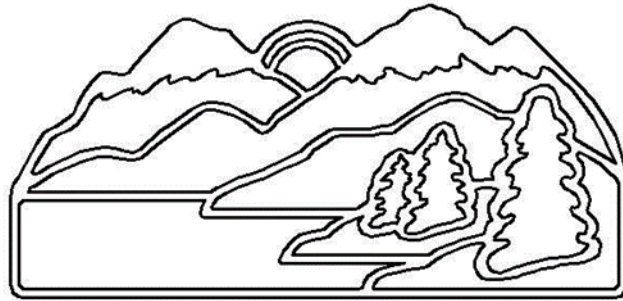
Bechdolt Driveway purchase, other various infrastructure projects, and vehicles and equipment purchases.

Requests for Information

The TCPUD's financial statements are designed to present users (citizens, taxpayers, customers, vendors, and creditors) with a general overview of the TCPUD's finances and to demonstrate financial accountability. If you have questions about this report or need additional financial information, please contact the TCPUD's Chief Financial Officer/Treasurer at 221 Fairway Drive, P.O. Box 5249, Tahoe City, California 96145 or call 530-583-3796.

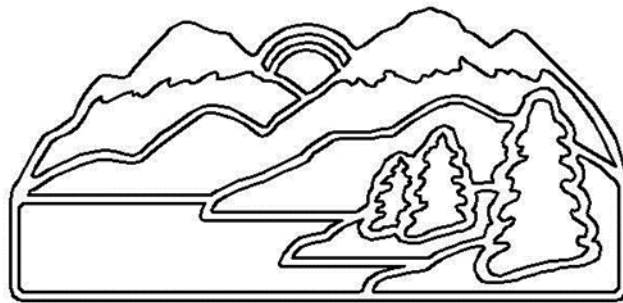


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Basic Financial Statements

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Government-Wide Financial Statements

- Statement of Net Position
- Statement of Activities

Tahoe City Public Utility District
Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 21,217,260	\$ 13,857,707	\$ 35,074,967
Restricted cash and investments	377,351	-	377,351
Receivables:			
Accounts	-	995,733	995,733
Interest	11,062	6,322	17,384
Taxes	5,715,924	-	5,715,924
Grants	-	341,282	341,282
Lease	131,799	192,196	323,995
Other	611,113	5,879,289	6,490,402
Allowance for doubtful accounts	(3,142)	(6,284)	(9,426)
Inventories	58,935	553,713	612,648
Prepaid items and other assets	325,584	536,390	861,974
Total current assets	<u>28,445,886</u>	<u>22,356,348</u>	<u>50,802,234</u>
Noncurrent assets:			
Restricted cash and investments	18,800	819,154	837,954
Facility improvement receivables	-	22,461	22,461
Capital assets:			
Non-depreciable	12,324,988	27,537,792	39,862,780
Depreciable, net	21,952,261	50,651,111	72,603,372
Total capital assets, net	<u>34,277,249</u>	<u>78,188,903</u>	<u>112,466,152</u>
Total noncurrent assets	<u>34,296,049</u>	<u>79,030,518</u>	<u>113,326,567</u>
Total assets	<u>62,741,935</u>	<u>101,386,866</u>	<u>164,128,801</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,731,820	4,139,281	5,871,101
Other post employment benefit related	665,814	1,455,160	2,120,974
Net goodwill	-	3,435,485	3,435,485
Total deferred outflows of resources	<u>2,397,634</u>	<u>9,029,926</u>	<u>11,427,560</u>

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
Statement of Net Position - Continued
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	223,935	1,370,899	1,594,834
Accrued payroll and benefits payable	84,642	202,638	287,280
Employee medical reimbursement payable	368,171	-	368,171
Interest payable	2,973	-	2,973
Deposits payable	73,612	401,428	475,040
Other liabilities	293,938	1,472,384	1,766,322
Unearned revenue	73,464	-	73,464
Compensated absences-due within one year	202,446	419,328	621,774
Long-term liabilities-due within one year	127,763	-	127,763
Long-term lease-due within one year	18,318	-	18,318
Long-term SBITAs-due within one year	13,927	41,068	54,995
Total current liabilities	1,483,189	3,907,745	5,390,934
Noncurrent liabilities:			
Long-term debt	534,506	11,507,648	12,042,154
Long-term lease liabilities	2,174	-	2,174
Long-term SBITAs	11,111	22,222	33,333
Net pension liability	5,563,235	10,130,532	15,693,767
Net other post employment benefit liability	651,426	1,559,208	2,210,634
Total non-current liabilities	6,762,452	23,219,610	29,982,062
Total liabilities	8,245,641	27,127,355	35,372,996
DEFERRED INFLOWS OF RESOURCES			
Pension related	304,744	610,053	914,797
Other post employment benefit related	7,236	93,864	101,100
Lease related	127,481	185,099	312,580
Total deferred inflows of resources	439,461	889,016	1,328,477
NET POSITION			
Net investment in capital assets	34,061,897	64,237,945	98,299,842
Restricted for:			
Guarantee permit and payment performance	18,800	51,200	70,000
Unrestricted	22,373,770	18,111,276	40,485,046
Total net position	\$ 56,454,467	\$ 82,400,421	\$ 138,854,888

The notes to the financial statements are an integral part of this statement.

Statement of Activities

Tahoe City Public Utility District
Statement of Activities
For the year ended December 31, 2023

Functions / Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Primary Government:									
Governmental activities:									
Public works - Parks	\$ 6,574,899	\$ 177,367	\$ 1,979,965	\$ -	\$ 350,494	\$ 2,330,459	\$ (4,421,807)	\$ -	\$ (4,421,807)
Recreation	1,273,101	20,758	585,260	28,524	-	613,784	(680,075)	-	(680,075)
Interest on long-term debt (unallocated)	-	13,613	-	-	-	-	(13,613)	-	(13,613)
Total governmental activities	7,848,000	211,738	2,565,225	28,524	350,494	2,944,243	(5,115,495)	-	(5,115,495)
Business-type activities:									
Water	7,009,094	314,598	9,247,178	-	1,174,516	10,421,694	-	3,098,002	3,098,002
Sewer	4,132,832	5,643	6,365,873	-	-	6,365,873	-	2,227,398	2,227,398
Total business-type activities	11,141,926	320,241	15,613,051	-	1,174,516	16,787,567	-	5,325,400	5,325,400
Total primary government	\$ 18,989,926	\$ 531,979	\$ 18,178,276	\$ 28,524	\$ 1,525,010	\$ 19,731,810	(5,115,495)	5,325,400	209,905
General Revenues and Transfers:									
Property taxes							10,187,604	233,165	10,420,769
Investment earnings							1,081,452	891,421	1,972,873
Total general revenues and transfers							11,269,056	1,124,586	12,393,642
Change in net position							6,153,561	6,449,986	12,603,547
Net position - Beginning							50,300,906	75,950,435	126,251,341
Net position - Ending							\$ 56,454,467	\$ 82,400,421	\$ 138,854,888

The notes to the financial statements are an integral part of this statement.

Fund Financial Statements

- Governmental Funds
 - Balance Sheet
 - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position of Governmental Activities
 - Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
 - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities

- Proprietary Funds
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Net Position
 - Statement of Cash Flows

Tahoe City Public Utility District
Balance Sheet - Governmental Funds
December 31, 2023

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash	\$ 21,217,260	\$ -	\$ 21,217,260
Restricted cash	396,151	-	396,151
Receivables:			
Interest	11,062	-	11,062
Taxes	5,715,924	-	5,715,924
Grants	255,286	-	255,286
Lease	131,799	-	131,799
Other	355,827	-	355,827
Allowance for doubtful accounts	(3,142)	-	(3,142)
Inventory	58,935	-	58,935
Prepaid items and other assets	325,584	-	325,584
Total assets	\$ 28,464,686	\$ -	\$ 28,464,686
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 223,935	\$ -	\$ 223,935
Accrued payroll and benefits payable	84,642	-	84,642
Employee medical reimbursement payable	368,171	-	368,171
Deposits payable	73,612	-	73,612
Other liabilities	293,938	-	293,938
Unearned revenue	73,464	-	73,464
Total liabilities	1,117,762	-	1,117,762
DEFERRED INFLOWS OF RESOURCES			
Lease related	127,481	-	127,481
Total deferred inflows of resources	127,481	-	127,481
Fund Balances:			
Non-spendable	384,519	-	384,519
Restricted	18,800	-	18,800
Assigned			
Long-term equipment and capital replacement	13,263,408	-	13,263,408
Contributions - projects	46,736	-	46,736
Unassigned fund balance			
General Fund	13,505,980	-	13,505,980
Total fund balances	27,219,443	-	27,219,443
Total liabilities and fund balances	\$ 28,464,686	\$ -	\$ 28,464,686

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position of Governmental Activities
 December 31, 2023

Total Fund Balances - Governmental Funds \$ 27,219,443

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Capital assets were adjusted as follows:

Non-depreciable	12,324,988
Depreciable, net	21,952,261
Total capital assets, net	34,277,249

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	(2,973)
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Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Compensated absences - due within one year	(202,446)
Long-term debt - due within one year	(160,008)
Long-term debt - due in more than one year	(534,506)
Lease and IT subscription payable - due in more than one year	(13,285)
Total long-term liabilities	(910,245)

Long-term net pension liability, which is based on GASB 68 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental funds.

Net pension liability	(5,563,235)
Deferred outflows, related to pension expense	1,731,820
Deferred inflows, related to pension expense	(304,744)
Total long-term net pension liability	(4,136,159)

Long-term net other post employee benefits liability, which is based on GASB 75 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental funds.

Net other post employee benefits liability	(651,426)
Deferred outflows, related to other post employee benefits expense	732,557
Deferred inflows, related to other post employee benefits expense	(73,979)
Total long-term net other post employee benefits liability	7,152

Total Net Position of Governmental Activities \$ 56,454,467

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2023

	General	Debt Service	Total Governmental Funds
REVENUES:			
Fees	\$ 1,163,733	\$ -	\$ 1,163,733
Property taxes	10,047,901	139,703	10,187,604
Interest	1,081,452	-	1,081,452
Grants	371,377	-	371,377
Other	1,363,132	-	1,363,132
Total revenues	14,027,595	139,703	14,167,298
EXPENDITURES:			
Current:			
Public works - Parks	5,154,807	-	5,154,807
Recreation	1,242,598	-	1,242,598
Other operating	159,380	-	159,380
Capital outlay	2,494,225	-	2,494,225
Debt service:			
Principal	-	125,500	125,500
Interest	-	14,203	14,203
Total expenditures	9,051,010	139,703	9,190,713
REVENUES OVER EXPENDITURES	4,976,585	-	4,976,585
OTHER FINANCING SOURCES (USES):			
Proceeds from the sale of assets	50,306	-	50,306
Total other financing sources (uses)	50,306	-	50,306
Net change in fund balances	5,026,891	-	5,026,891
FUND BALANCES:			
Beginning of year	22,192,552	-	22,192,552
End of year	\$ 27,219,443	\$ -	\$ 27,219,443

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance of the Governmental Funds
 to the Statement of Activities
 For the year ended December 31, 2023

Net Change in Fund Balances - Governmental Funds	\$ 5,026,891
<p>Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:</p>	
Capital assets including lease and IT subscription assets used in governmental activities are not financial resource and therefore are not reported in the governmental funds	2,546,666
Disposal on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, not reported in the Governmental Funds.	(4,305)
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds.	(1,900,812)
Amortization expense on leased capital and IT subscriptions assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, amortization expense was not reported as expenditures in the Governmental Funds.	(34,181)
Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	125,500
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences	(27,968)
Change in accrued interest	588
Change in lease liability based on GASB 87 adjustments	17,571
Change in IT subscription liability based on GASB 96 adjustments	(25,038)
Change in pension expense based on GASB 68 adjustments	(138,262)
Change in OPEB expense based on GASB 75 adjustments	566,911
Change in Net Position of Governmental Activities	\$ 6,153,561

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
Statement of Net Position – Proprietary Funds
December 31, 2023

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
ASSETS			
Current assets:			
Cash and investments	\$ 1,591,214	\$ 12,266,493	\$ 13,857,707
Receivables:			
Accounts	606,206	389,527	995,733
Grants	341,282	-	341,282
Interest	1,086	5,236	6,322
Lease	192,196	-	192,196
Other	5,858,347	20,942	5,879,289
Allowance for doubtful accounts	(3,142)	(3,142)	(6,284)
Inventories	506,680	47,033	553,713
Prepaid items and other assets	320,620	215,770	536,390
Total current assets	<u>9,414,489</u>	<u>12,941,859</u>	<u>22,356,348</u>
Noncurrent assets:			
Restricted cash and investments	798,237	20,917	819,154
Facility improvement receivables	19,700	2,761	22,461
Capital assets:			
Non-depreciable assets	26,327,918	1,209,874	27,537,792
Depreciable assets, net	35,820,176	14,830,935	50,651,111
Total capital assets, net	<u>62,148,094</u>	<u>16,040,809</u>	<u>78,188,903</u>
Total noncurrent assets	<u>62,966,031</u>	<u>16,064,487</u>	<u>79,030,518</u>
Total assets	<u>72,380,520</u>	<u>29,006,346</u>	<u>101,386,866</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	2,366,566	1,772,715	4,139,281
Other post employment benefit related	727,580	727,580	1,455,160
Net goodwill	3,435,485	-	3,435,485
Total deferred outflows of resources	<u>6,529,631</u>	<u>2,500,295</u>	<u>9,029,926</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,227,458	143,441	1,370,899
Accrued payroll and benefits payable	119,438	83,200	202,638
Deposits payable	285,937	115,491	401,428
Other liabilities	1,368,130	104,254	1,472,384
Compensated absences	250,672	168,656	419,328
Long-term SBITAs-due within one year	20,534	20,534	41,068
Total current liabilities	<u>3,272,169</u>	<u>635,576</u>	<u>3,907,745</u>
Noncurrent liabilities:			
Long-term debt	11,507,648	-	11,507,648
Long-term SBITAs	11,111	11,111	22,222
Net pension liability	5,960,502	4,170,030	10,130,532
Net other post employment benefit liability	779,603	779,605	1,559,208
Total noncurrent liabilities	<u>18,258,864</u>	<u>4,960,746</u>	<u>23,219,610</u>
Total liabilities	<u>21,531,033</u>	<u>5,596,322</u>	<u>27,127,355</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	347,735	262,318	610,053
Other post employment benefit related	46,932	46,932	93,864
Lease related	185,099	-	185,099
Total deferred inflows of resources	<u>579,766</u>	<u>309,250</u>	<u>889,016</u>
NET POSITION			
Net investment in capital assets	48,331,942	15,906,003	64,237,945
Restricted for:			
Guarantees of permit performance	50,700	500	51,200
Unrestricted	8,416,710	9,694,566	18,111,276
Net position of business-type activities	<u>\$ 56,799,352</u>	<u>\$ 25,601,069</u>	<u>\$ 82,400,421</u>

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
For the year ended December 31, 2023

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
OPERATING REVENUES:			
Service and inspection fees	\$ 8,969,862	\$ 6,232,989	\$ 15,202,851
Connection fees	84,536	35,750	120,286
Property tax for operations	199,960	-	199,960
Penalties and discounts	89,611	59,063	148,674
Other	101,668	36,570	138,238
Total operating revenues	9,445,637	6,364,372	15,810,009
OPERATING EXPENSES:			
Personnel	1,811,344	1,087,730	2,899,074
Operations	3,846,247	2,288,312	6,134,559
Depreciation	1,353,972	762,103	2,116,075
Total operating expenses	7,011,563	4,138,145	11,149,708
OPERATING INCOME	2,434,074	2,226,227	4,660,301
NONOPERATING REVENUES (EXPENSES):			
Property taxes for Debt Service	33,205	-	33,205
Interest income	345,852	545,569	891,421
Gain on disposal	1,501	1,501	3,002
Amortization	(245,388)	-	(245,388)
Interest expense	(66,741)	(330)	(67,071)
Total nonoperating revenues (expenses)	68,429	546,740	615,169
INCOME BEFORE CAPITAL CONTRIBUTIONS:			
	2,502,503	2,772,967	5,275,470
Capital grants	1,174,516	-	1,174,516
Change in net position	3,677,019	2,772,967	6,449,986
NET POSITION:			
Net position - Beginning	53,122,333	22,828,102	75,950,435
Net position - ending	\$ 56,799,352	\$ 25,601,069	\$ 82,400,421

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
Statement of Cash Flows – Proprietary Funds
For the year ended December 31, 2023

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 9,300,660	\$ 6,326,263	\$ 15,626,923
Receipts from property tax used for operations	199,960	-	199,960
Payments to suppliers	(2,813,608)	(2,187,929)	(5,001,537)
Payments to employees	(2,166,173)	(1,521,503)	(3,687,676)
Net cash provided by operating activities	4,520,839	2,616,831	7,137,670
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(12,773,059)	(1,791,332)	(14,564,391)
Proceeds from SRF loan	725,699	-	725,699
Receipts from property tax used for debt service payment	33,205	-	33,205
Proceeds from sales of capital assets	1,501	1,501	3,002
Grants received	2,428,464	-	2,428,464
Interest paid on long-term debt	(66,741)	(330)	(67,071)
Net cash used by capital and related financing activities	(9,650,931)	(1,790,161)	(11,441,092)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	358,124	540,333	898,457
Net cash provided by investing activities	358,124	540,333	898,457
Net increase (decrease) in cash and cash equivalents	(4,771,968)	1,367,003	(3,404,965)
CASH AND CASH EQUIVALENTS			
Beginning of year	7,161,419	10,920,407	18,081,826
End of year	<u>\$ 2,389,451</u>	<u>\$ 12,287,410</u>	<u>\$ 14,676,861</u>
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	1,591,214	12,266,493	13,857,707
Restricted cash and cash equivalents	798,237	20,917	819,154
Total cash and cash equivalents	\$ 2,389,451	\$ 12,287,410	\$ 14,676,861
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	2,434,074	2,226,227	4,660,301
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,353,972	762,103	2,116,075
Changes in assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	(32,212)	(48,395)	(80,607)
Lease receivable	19,835	-	19,835
Other receivable	(10,228)	(13,016)	(23,244)
Allowance for doubtful accounts	(200)	(200)	(400)
Facilities improvement receivables	3,748	(1,416)	2,332
Inventories	(215,482)	9,185	(206,297)
Prepaid items and other assets	(18,834)	(22,102)	(40,936)
Net change in deferred outflows and inflows	(407,029)	(303,865)	(710,894)
Increase (Decrease) in:			
Accounts payable	368,390	18,536	386,926
Accrued payroll and benefits	26,047	15,702	41,749
Deposits payable	93,875	35,335	129,210
Net change in other liabilities and SBITAs	902,110	84,347	986,457
Net pension liability, OPEB and other liabilities	(24,629)	(164,902)	(189,531)
Compensated absences	27,402	19,292	46,694
Net cash provided by operating activities	\$ 4,520,839	\$ 2,616,831	\$ 7,137,670

The notes to the financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tahoe City Public Utility District (TCPUD) was incorporated on December 20, 1938, as a California Special District and is governed by an elected Board of Directors (Board) consisting of five members. The TCPUD's administrative functions are controlled by an appointed TCPUD general manager. The TCPUD provides the following services to the community: water and sewer services, recreation programs, maintenance of parks, golf, winter sports park, beaches, bike trails, sidewalks and street lighting, and use of community buildings.

A. Reporting Entity

The financial reporting entity consists of the TCPUD (the primary government) and its component unit, discussed below. Component units are legally separate organizations for which the Board of Directors is financially accountable, or other organizations whose nature and significant relationship with the TCPUD are such that exclusion would cause the TCPUD's financial statements to be misleading or incomplete.

As required by Generally Accepted Accounting Principles (GAAP), basic financial statements present the TCPUD and its component unit for which the TCPUD is financially accountable. The TCPUD had no discretely presented component units. Blended component units, although legally separate entities are, in substance, part of the TCPUD's operations and data from these units are combined with data of the TCPUD. The following entity is deemed to be a blended component unit:

The Tahoe City Public Utility District Public Facilities Financing Corporation (Corporation) was formed on January 29, 1993, as a nonprofit public benefit corporation to provide assistance to the TCPUD by financing the acquisition, construction and installation of public facilities, to acquire real and personal property on behalf of the TCPUD, and to borrow the necessary funds to pay the cost of such activities including refinancing. The Corporation is controlled by the TCPUD and has the same governing body as the TCPUD, which also performs all accounting and administrative functions for the Corporation. The Corporation has a December 31 year-end and had no assets, liabilities, or activity as of and for the year ended December 31, 2023.

B. Basis of Accounting and Measurement Focus

The TCPUD's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States. The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-Wide Financial Statements

The TCPUD's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities.

The Government-Wide Financial Statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the TCPUD's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

capital assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions reported as program revenues for the TCPUD are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. The following interfund activities have been eliminated:

- Due to/from
- Transfers in/out

The TCPUD applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect).

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-Wide Financial Statements. The TCPUD has presented all funds as major funds.

All governmental funds are accounted for on a spending, or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except those revenues subject to accrual (generally received up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the TCPUD, are property tax, grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

claims and judgment, postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the TCPUD the right to use leased assets, are reported as expenditures in governmental fund. Issuance of long-term debt and financing through leases are reported as other financing sources.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for the proprietary funds.

The TCPUD has two propriety funds that are enterprise funds which account for the TCPUD's water and sewer activities and supporting engineering and technical services functions.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows of resources and liabilities and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the water and sewer operations and supporting engineering and technical functions of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Use of Restricted/Unrestricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the TCPUD's policy is to apply restricted resources first.

Description of TCPUD Funds

The TCPUD reported all its funds as major funds in the accompanying financial statements as follows:

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Funds:

The General Fund - The General Fund is used for all general revenues and the related expenditures of the TCPUD not specifically levied or collected for other TCPUD funds. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

Debt Service Fund - This fund accounts for resources accumulated to pay principal and interest due on the TCPUD's general long-term debt associated with equipment and facilities financed by the TCPUD.

Proprietary Funds:

Water Enterprise Fund - This fund accounts for the operation, maintenance, and development of the TCPUD's water production and distribution system and supporting engineering functions.

Sewer Enterprise Fund - This fund accounts for the operation, maintenance, and development of the TCPUD's sewage collection and transportation system and supporting engineering functions.

C. Cash, Cash Equivalents and Investments

The TCPUD's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The TCPUD participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments, Continued

and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk and changes in interest rates.

The TCPUD is also a voluntary participant in the California Cooperative Liquid Assets Securities System (California CLASS) a Joint Powers Authority investment pool as set forth in Sect. 53601(p) of the California Government Code. The Prime portfolio is a stable \$1.00 Net Asset Value investment that is rated AAAM by Standard & Poor's. It offers safety, daily liquidity, and a competitive yield to California public agency participants. California CLASS is governed by a Board of Trustees composed of public agency officials.

The TCPUD is also a voluntary participant in the Placer County Investment Fund (County Pool) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the County. The TCPUD reports its investment in the County Pool at the fair value amount provided by the County. The investment of money on deposit is limited to those investments specified by California Government Code Section 53601 and 53635. Included in the County Pool's investment portfolio is US Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the TCPUD operates an internal cash management pool which maintains the typical characteristics of a demand deposit account.

D. Restricted Cash and Investments

Restricted cash and investments are comprised of certificates of deposit which guarantee performance of construction permit provisions, an escrow account for security deposits in lieu of retention, and an employee medical reimbursement account for which the TCPUD acts as trustee.

E. Inventory and Prepaid Items

Inventories are valued at cost using the first-in /first-out (FIFO) method and consist of supplies used in the maintenance of water and sewer lines, sidewalk fixtures, benches, and conservation kits. Changes in the inventory balances are reported as a direct adjustment to the water, sewer, and parks expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets with an initial cost of more than \$5,000 and an estimated useful life in excess of three years. Costs include direct labor and benefits, outside services, and materials and transportation.

As the TCPUD constructs or acquires capital assets, they are capitalized and reported at historical cost (except for intangible right-to-use asset, the measurement of which is discussed in Note 1 (O). GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of depreciation/amortization is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged for depreciation/amortization expense each year represents that year's pro rata share of the cost of capital assets.

Land and construction in progress are not depreciated. Tangible and intangible capital assets are depreciated/amortized using the straight-line method: the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The TCPUD has assigned the useful lives listed below to capital assets:

	Useful Lives
Water and sewer plan	10 - 50
Recreational facilities	10 - 20
Building	40
Lease & SBITA assets	3 - 20
Equipment	3 - 20
Vehicles	5 - 13

G. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt and right-to-use equipment is recognized as the liability is incurred for governmental fund activities and business-type activities.

In the fund financial statements, propriety fund types recognize interest payable when the liability is incurred. Governmental funds recognize interest expenses when paid.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. *Unearned Revenue*

In the Government-Wide Financial Statements and Proprietary Fund Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned.

Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are grants received but not yet earned and prepaid charges for services.

In the Fund Financial Statements, unearned revenue is recorded when revenue has not yet been earned or when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. At December 31, 2023, all deferred revenues in the Fund Financial Statements represent revenues that were not earned at year-end. Therefore, all the deferred revenues in the Fund Financial Statements were reported as unearned revenue in the Government-Wide Financial Statements.

I. *Deferred Outflows/Inflows of Resources*

The TCPUD applies the provision of GASB Statement no. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources and Net Position*. The statement requires that the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources be reported as net position. The impact of deferred outflow of resources and deferred inflow of resources on net position are explained in the following paragraphs.

As of December 31, 2023, the TCPUD has three items reported as deferred outflow of resources. The first two items are the deferred outflow of resources related to pension and OPEB in the amount of \$5,871,101 and \$2,120,974, respectively. These amounts include the pension contributions made after the measurement date of the net pension liability, differences between expected and actual experience for both pension and OPEB, change in assumptions for both pension and OPEB, net difference between projected and actual earnings on pension plan investments, an adjustment due to differences in proportions for pension, and difference between the employer's contributions and the employer's proportionate share of contributions for pension. Refer to Notes 10 and 11 for additional information. The third item relates to the deferred outflow of resource of \$3,435,485 related to goodwill at December 31, 2023. This amount relates to the 2018 purchase of three private companies in the amount of \$5,145,000 and represents the difference in the market value of the assets of the three private water companies purchase price, net of amortization. The deferred outflow of resources on the purchase are amortized over 20 years of which 14 years is remaining.

As of December 31, 2023, the TCPUD has three items reported as deferred inflow of resources. The first two items are the deferred inflow of resources related to pension and OPEB in the amount of \$914,797 and \$101,100, respectively. These amounts include the differences between expected and actual experience for both pension and OPEB, change in assumptions for both pension and OPEB, net difference between projected and actual earnings on pension plan investments, an adjustment due to differences in proportions for pension, and difference between the employer's contributions and the employer's proportionate share of contributions for pension. Refer to Notes 10 and 11 for additional information. The third item relates to the lease receivables for \$312,580.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Long-Term Liabilities

Government-Wide and Proprietary Fund Financial Statements - Long-term liabilities and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as bond insurance, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than bond insurance) are expensed as incurred.

Governmental Fund Financial Statements - The fund financial statements do not present long-term liabilities, but they are presented in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

K. Compensated Absences

Compensated absences comprise portions of vacation leave which are accrued as earned but not yet used by TCPUD employees. Compensated absences expense is charged to the various departments as the expense is incurred. The liability for compensated absences incurred in the proprietary fund is recorded in the fund and in the business-type activities of the government-wide financial statements. The liability incurred by governmental funds is recorded as part of governmental activities in the government-wide financial statements as these liabilities are not current and are not recorded in the funds. The General Fund is used to liquidate the liability for compensated absences of the governmental funds.

L. Property Tax

Placer and El Dorado Counties assess properties and bill, collect, and distribute property taxes to the TCPUD. Secured and unsecured property taxes are levied on August 31 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the TCPUD in the year they are assessed provided they become available as defined above.

M. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the TCPUD's California Public Employee's Retirement System (CalPERS) plan (the Plan) and

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms and fully liquidated by the General Fund and Proprietary Funds. Investments are reported at fair value.

N. Other Post Employment Benefit

For the purpose of measuring the net OPEB liability (asset) and deferred outflows / inflows of resources related to OPEB, and OPEB expense (income), information about the fiduciary net position of the TCPUD's plan (Plan) additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms and fully liquidated by the General Fund and Proprietary Funds. Investments are reported at fair value.

O. Leases

Lessee: The TCPUD is a lessee for noncancellable leases of equipment. The TCPUD recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. TCPUD recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, TCPUD initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how TCPUD determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- TCPUD uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the TCPUD generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

TCPUD monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Leases, Continued

Lessor: TCPUD is a lessor for noncancellable leases of land. TCPUD recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, TCPUD initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how TCPUD determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- TCPUD uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. The lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

TCPUD monitors changes in circumstances that would require remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

P. Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

TCPUD uses various SBITA assets, such as software as a service and platform as a service. The related obligations are presented in amounts equal to the present value of subscription payments, payable during the remaining SBITA term. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Q. Net Position and Fund Balance

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation/amortization and reduced by outstanding debt, accounts payable, capital retainage attributed to the acquisition, construction, or improvement of the assets.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Net Position and Fund Balance, Continued

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted Net Position - This amount is all net positions that do not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

Fund Financial Statements

Fund balance is defined as the difference between assets and liabilities and deferred inflows of resources.

The TCPUD's Board adopted Resolution 11-39 for the Classification of the Fund Balances as required by GASB No. 54 and adoption of the General Fund Reserve Policy.

Nonspendable - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balances include inventory and prepaid items.

Restricted fund balances - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balances - amounts that can only be used for specific purposes determined by formal action of TCPUD's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period. An ordinance or resolution adopted by the Board of Directors is considered an equally binding constraint of formal action.

Assigned fund balances - amounts that are constrained by the TCPUD's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. The Board of Directors makes the final decision on assigned fund balances.

Unassigned fund balances - the residual classification for the TCPUD's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, or if the fund has a deficit fund balance.

Fund Balance Flow Assumptions: On occasion, the TCPUD has outlays for which both restricted and unrestricted amounts (i.e., total committed, unassigned, and assigned fund balance) could be used. When such an outlay occurs, the TCPUD considers unrestricted fund balance depleted before restricted fund balance. When an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the TCPUD considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Balance Policies: The TCPUD Board fund balance commitments by adoption of a resolution. Assigned fund balances are established by the TCPUD Board by Resolution (such as for fleet & equipment, infrastructure capital replacement, and priority project capital).

As of December 31, 2023, there were restricted funds in the amount of \$18,800 for various projects.

As December 31, 2023, assigned fund balances in the governmental funds included fleet & equipment, infrastructure capital replacement, priority project capital, and contributions for projects.

R. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

S. Current Government Accounting Standard Board Statements Implementation

Effective January 1, 2023, the TCPUD implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. There was no significant financial impact on TCPUD as a result of implementation.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

S. Current Government Accounting Standard Board Statements Implementation, Continued

SBITA. TCPUD has implemented this statement. See Notes 1(P), 6, and 13 for the impact on the financial statements.

T. Future Government Accounting Standard Board Statements

These statements are not effective until January 1, 2024, or later. The District has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the District's fiscal year ending December 31, 2023, and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the District's fiscal year ending December 31, 2024.

Government Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the District's fiscal year ending December 31, 2024.

Government Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for the District's fiscal year ending December 31, 2024.

Government Accounting Standards Board Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

T. Future Government Accounting Standard Board Statements Implementation, Continued

resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The requirements of this statement are effective for the District's fiscal year ending December 31, 2025.

Government Accounting Standards Board Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the District fiscal year ending December 31, 2026.

2. CASH AND INVESTMENTS

The TCPUD pools cash from all sources and all funds, except Restricted Cash, so that it can be invested at the maximum yield, consistent with safety and liquidity, while allowing individual funds to make expenditures at any time. Investment income is allocated among funds on the basis of average month-end cash and investment balances of the respective funds.

Cash and investments maturing in three months or less at the time of purchase are considered to be cash and cash equivalents for the purposes of measuring cash flows.

A. Cash Deposits

The carrying amounts of the TCPUD's operating cash balance is \$403,288 at December 31, 2023. Bank balances were \$803,252, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the TCPUD's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the TCPUD's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the TCPUD's name.

The fair value of pledged securities must equal at least 110% of the cash deposits. California law also allows institutions to secure TCPUD deposits by pledging first trust deed mortgage notes having a value of 150% of the TCPUD's total cash deposits. This collateral is held by the institution but is considered to be held in the TCPUD's name and places the TCPUD ahead of general creditors of the institution. The TCPUD has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

2. CASH AND INVESTMENTS, Continued

B. Investments

Under the provisions of the TCPUD's investment policy, and in accordance with California Government Code, the following investments are authorized:

- United States Treasury Bills, Bonds, and Notes
- Obligations issued by Agencies of the United States Government
- Certificate of Deposit and other evidence of deposit at banks and savings and loan associations
- California Local Agency Investment Fund (LAIF)
- Placer County Treasury Investment Pool Fund
- California Cooperative Liquid Assets Securities System (CA Class)

The TCPUD is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The TCPUD's investments with LAIF at December 31, 2023, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations), small business loans, or credit card receivables.

As of December 31, 2023, the TCPUD had \$70,666 invested with LAIF, \$490,593 invested with the Placer County Treasurer, and \$34,080,375 with CA Class. LAIF had invested 2.05% of the pool investment funds in medium-term and short-term Structured Notes and Asset-Backed Securities. Fair value of LAIF and Placer County was calculated by applying a factor of 0.993543131 to total investments held by both. At December 31, 2023, the LAIF, CA Class, and Placer County Treasurer balance did not reflect an amortized cost of \$34,418 which approximates the fair market value.

The TCPUD categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TCPUD does not have any investments that are measured using Level 1 or 3 inputs.

The following is a description of the valuation methodologies used to estimate the fair value of investments. There have been no changes in the valuation techniques used at December 31, 2023. The Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

2. CASH AND INVESTMENTS, Continued

The following tables set forth by level, within the fair value hierarchy, the TCPUD's assets at fair value as of December 31, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$65,077	\$ -	\$ 65,077
Total assets at fair value	<u>\$ -</u>	<u>\$65,077</u>	<u>\$ -</u>	<u>\$ 65,077</u>

The following is a summary of cash and investments at December 31, 2023:

B. Summary of Cash & Investments

	<u>Government-Wide Statement of Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Operating cash deposits	\$ -	\$ 403,288	\$ 403,288
Imprest and other	29,745	300	30,045
Investments	21,187,515	13,454,119	34,641,634
Total cash and investments	21,217,260	13,857,707	35,074,967
Current - Restricted cash and investments	377,351	-	377,351
Noncurrent-Restricted cash and investments	18,800	819,154	837,954
Total All	<u>\$ 21,613,411</u>	<u>\$ 14,676,861</u>	<u>\$ 36,290,272</u>

C. Risks

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the TCPUD's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At December 31, 2023, the total amount of the TCPUD's investments and restricted investments was deposited with LAIF, CA Class, and Placer County Treasurer Investment Pool which is available to the TCPUD on demand or invested in bank certificates of deposit maturing in less than one year. As a result, the TCPUD was not significantly exposed to interest rate risk.

Credit Risk. At December 31, 2023, the TCPUD's investments in LAIF and Placer County Treasurer were not rated. The fair value of the TCPUD asset held in LAIF and Placer County Treasurer is materially equivalent to the value of the pool shares. California CLASS PRIME is rated by S&P Global Ratings. The current rating is AAAM.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the TCPUD will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the TCPUD's securities are held by a third-party custodian. California CLASS is an external investment pool and therefore is not subject to custodial credit risk; therefore, investment in the pool is exempt from the reporting requirement.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

2. CASH AND INVESTMENTS, Continued

D. Restricted Cash and Investments

Current and Non-current restricted cash and investments for the TCPUD amounted to \$1,215,305. This amount breaks out as follows: \$65,077 was invested in certificates of deposit as required by agreements with the Tahoe Regional Planning Agency and the California Water Quality Control Board. The certificates of deposit cannot be released from restricted status without the approval of the listed agencies. \$772,877 was held in escrow by the Bank of Marin as a substitute for retention required to be withheld by TCPUD pursuant to the construction contract entered into with Thompson Builder Corporation, contractor for the West Lake Tahoe Regional Water Treatment Plant project. The remainder of the restricted cash of \$48,728 and \$328,623 respectively, were in the TCPUD's Section 125 medical reimbursement account and the Health Reimbursement Arrangement account, which are restricted for the sole use of the TCPUD's employees.

3. INTERFUND TRANSACTIONS

A. Due to/due from other funds and Interfund Loans

There were no short term interfund loans between funds at December 31, 2023.

B. Transfers In and Out

Transfers out to the Water and Sewer Enterprise fund are primarily to provide funding for current year capital projects and designate additional reserves for future capital projects. There were no transfers in 2023.

4. UNEARNED REVENUE

Government-Wide Financial Statements

At December 31, 2023, there were no differences between unearned revenues in the Government-Wide Financial Statements and the Fund Financial Statements. All amounts represent revenues that had been collected or billed, but not yet earned, as follows:

	<u>Governmental Activities</u>	
	<u>Governmental Funds</u>	
	<u>General Fund</u>	
Golf deferred revenue	\$	49,210
Sidewalk deferred revenue		14,254
Indoor play structure		10,000
Total	\$	73,464

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

At December 31, 2023, the TCPUD's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 10,947,445	\$ 42,957	\$ 10,990,402
Construction in progress	1,377,543	27,494,835	28,872,378
Total non-depreciable assets	<u>12,324,988</u>	<u>27,537,792</u>	<u>39,862,780</u>
Depreciable assets:			
Water and sewer plant	-	95,494,633	95,494,633
Recreational facilities	51,473,354	-	51,473,354
Right-to-use lease equipment	54,937	-	54,937
SBITA	52,441	134,978	187,419
Office building and equipment	6,460,597	7,872,046	14,332,643
Vehicles	1,180,164	3,121,084	4,301,248
Total depreciable assets	<u>59,221,493</u>	<u>106,622,741</u>	<u>165,844,234</u>
Less accumulated depreciation / amortization:			
Water and sewer plant	-	(49,890,383)	(49,890,383)
Recreational facilities	(32,413,281)	-	(32,413,281)
Right-to-use lease equipment & SBITAs	(50,573)	(53,556)	(104,129)
Office building and equipment	(4,349,217)	(4,424,506)	(8,773,723)
Vehicles	(456,161)	(1,603,185)	(2,059,346)
Total accumulated depreciation	<u>(37,269,232)</u>	<u>(55,971,630)</u>	<u>(93,240,862)</u>
Net depreciable assets	<u>21,952,261</u>	<u>50,651,111</u>	<u>72,603,372</u>
Total capital assets, net	<u><u>\$ 34,277,249</u></u>	<u><u>\$ 78,188,903</u></u>	<u><u>\$ 112,466,152</u></u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

Governmental Activities	Balance as of January 1, 2023	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2023
Capital assets, not being depreciated:					
Land	\$ 10,583,119	\$ -	\$ -	\$ 364,326	\$ 10,947,445
Construction in progress	965,370	1,838,140		(1,425,967)	1,377,543
Total capital assets, not being depreciated	11,548,489	1,838,140	-	(1,061,641)	12,324,988
Capital assets, being depreciated:					
Recreational facilities	50,398,175	13,538	-	1,061,641	51,473,354
Right-to-use lease equipment	54,937	-	-	-	54,937
SBITA	-	52,441	-	-	52,441
Office building and equipment	6,326,919	155,402	(21,724)	-	6,460,597
Vehicles	713,430	487,145	(20,411)	-	1,180,164
Total capital assets, being depreciated	57,493,461	708,526	(42,135)	1,061,641	59,221,493
Less accumulated depreciation for:					
Recreational facilities	(30,830,572)	(1,582,709)	-	-	(32,413,281)
Right-to-use lease equipment	(16,392)	(16,392)	-	-	(32,784)
SBITA	-	(17,789)	-	-	(17,789)
Office building and equipment	(4,114,942)	(252,739)	18,464	-	(4,349,217)
Vehicles	(410,161)	(65,364)	19,364	-	(456,161)
Total accumulated depreciation	(35,372,067)	(1,934,993)	37,828	-	(37,269,232)
Net capital assets being depreciated	22,121,394	(1,226,467)	(4,307)	1,061,641	21,952,261
Governmental activities capital assets, net	\$ 33,669,883	\$ 611,673	\$ (4,307)	\$ -	\$ 34,277,249

Depreciation/amortization expense for the governmental activities capital assets during the year ended December 31, 2023, was charged to the different activities as follows:

Public works - parks	\$ 1,815,950
Recreation	84,863
Right-to-use leased equipment & SBITAs	34,180
Total	\$ 1,934,993

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for business-type activities during the fiscal year:

Business-Type Activities	Balance as of January 1, 2023	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2023
Capital assets, not being depreciated:					
Land	\$ 42,957	\$ -	\$ -	\$ -	\$ 42,957
Construction in progress	17,768,339	14,213,349	-	(4,486,853)	27,494,835
Total capital assets, not being depreciated	17,811,296	14,213,349	-	(4,486,853)	27,537,792
Capital assets, being depreciated:					
Water and sewer plant	91,047,944	-	-	4,446,689	95,494,633
Office building and equipment	7,831,882	-	-	40,164	7,872,046
SBITA	-	134,978	-	-	134,978
Vehicles	2,851,463	269,621	-	-	3,121,084
Total capital assets, being depreciated	101,731,289	404,599	-	4,486,853	106,622,741
Less accumulated depreciation / amortization for:					
Water and sewer plant	(48,248,779)	(1,641,604)	-	-	(49,890,383)
Office building and equipment	(4,184,808)	(239,698)	-	-	(4,424,506)
SBITA	-	(53,556)	-	-	(53,556)
Vehicles	(1,368,411)	(234,774)	-	-	(1,603,185)
Total accumulated depreciation	(53,801,998)	(2,169,632)	-	-	(55,971,630)
Net capital assets being depreciated	47,929,291	(1,765,033)	-	4,486,853	50,651,111
Business-type activities capital assets, net	<u>\$ 65,740,587</u>	<u>\$ 12,448,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,188,903</u>

Depreciation/amortization expense for capital assets for December 31, 2023, was charged to the different activities as follows:

Water	\$ 1,353,972
Sewer	762,103
SBITA	53,557
Total	<u>\$ 2,169,632</u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

6. LONG TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended December 31, 2023:

	Maturity Date	Interest Rate	Balance January 1, 2023	Additions	Retirements	Balance December 31, 2023	Current Portion	Due in More than One Year
Governmental Activities								
State Water Resources Control Board	2028	1.80%	\$ 787,769	\$ -	\$ (125,500)	\$ 662,269	\$ 127,763	\$ 534,506
Lease liabilities	2026	Various	38,063	-	(17,571)	20,492	18,318	2,174
SBITA liabilities	2025	Various	-	40,540	(15,502)	25,038	13,927	11,111
Total Governmental activities			<u>\$ 825,832</u>	<u>\$ 40,540</u>	<u>\$ (158,573)</u>	<u>\$ 707,799</u>	<u>\$ 160,008</u>	<u>\$ 547,791</u>
Business-Type Activities								
State Water Resources Control Board	2043		\$ 5,688,184	\$ 5,819,464	\$ -	\$ 11,507,648	\$ -	\$ 11,507,648
SBITA liabilities	2025	1.20%	-	107,676	(44,386)	63,290	41,068	22,222
Total Business-type activities			<u>\$ 5,688,184</u>	<u>\$ 5,927,140</u>	<u>\$ (44,386)</u>	<u>\$ 11,570,938</u>	<u>\$ 41,068</u>	<u>\$ 11,529,870</u>

Future principal and interest payments on total primary government activity long-term liabilities are as follows at December 31, 2023:

For the Year Ending 12/31	Total Primary Government					
	State Water Resources Control Board		Lease liability		IT subscription liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 127,763	\$ 11,941	\$ 18,318	\$ 502	\$ 54,995	\$ 2,313
2025	130,066	9,637	1,738	9	33,333	861
2026	132,411	7,292	436	1	-	-
2027	134,799	4,905	-	-	-	-
2028	137,230	2,474	-	-	-	-
	<u>\$ 662,269</u>	<u>\$ 36,249</u>	<u>\$ 20,492</u>	<u>\$ 512</u>	<u>\$ 88,328</u>	<u>\$ 3,174</u>

Governmental Activities

State Water Resources Control Board (State Revolving Fund) Financing – The TCPUD signed Installment Sales Agreement No. C-06-4779-110 with the California State Water Resources Control Board (SWRCB) on March 21, 2008, for the partial financing of the Harbor Master Sewer Pump Station in Tahoe City. During 2008, the TCPUD received a total of \$2,328,382 in reimbursement of construction costs incurred on the new sewer pump station. The TCPUD selected the SWRCB’s zero interest option, which required a local cost matching of \$465,688 and obligates the TCPUD to pay a total of \$2,794,070 over the 20-year term of financing. The TCPUD will make 20 annual payments of \$139,703 through September 30, 2028, resulting in an effective interest rate of 1.803%. The source of principal and interest payments for this loan is general property tax revenues.

Lease Agreements – As part of normal operations, TCPUD has entered into various lease agreements as either a lessor or lessee for equipment or space. Leasing activities are not considered to be TCPUD’s primary operation. Some contracts have scheduled rent increased based on Consumer Price Index changes. See Footnote 12 Leases for additional information.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

6. LONG TERM LIABILITIES, Continued

Subscription-Based Information Technology Arrangements - As part of normal operation, TCPUD has entered into subscription-based information technology arrangements (SBITAs) involving various software subscriptions. See Footnote 13 for additional information.

Business-Type Activities

State Water Resources Control Board (State Revolving Fund) Financing - The TCPUD signed a \$12,000,000 Construction Installment Sales Agreement 00000000002002021 (agreement) for Project No. 3110011-005C with the California State Water Resources Control Board (SWRCB) on April 19, 2021, for the partial financing of the West Lake Tahoe Regional Water Treatment Plant (the Project) located in Tahoma, on the west shore of Lake Tahoe. Subsequently, on July 17, 2022, Amendment No. 1 to the agreement was approved to \$19,677,000 because of rising construction cost. During 2023, the TCPUD prepared and submitted reimbursement requests in the amount of \$5,819,464 to the SWRCB for reimbursable construction cost for the Project bringing the total reimbursement request at the end of 2023 to \$11,507,648. The Project's construction period is expected to extend to the end of 2024 and debt service payments to begin in 2025. Annual interest only payments will be made by TCPUD until the Project is completed and the final reimbursement request has been made. Following completed construction of the project, TCPUD will make 20 annual debt service payments which will be determined upon the final reimbursement request at an effective interest rate of 1.20%. The source of principal and interest payments for this loan is water rate revenue and general property tax revenues.

Subscription-Based Information Technology Arrangements - As part of normal operation, TCPUD has entered into subscription-based information technology arrangements (SBITAs) involving various software subscriptions. See Footnote 13 for additional information.

7. PLEDGES OF FUTURE REVENUES

The TCPUD has pledged future general property tax revenues to the repayment of the loan listed below:

	Annual Principal & Interest	Percentage of 2023 General Property Tax Pledged
Governmental Activities		
State Water Resources Control Board - Installment Sales Agreement No. C-06-4779-110	\$ 139,704	1.4%
State Water Resources Control Board - Construction Installment Sales Agreement 00000000002002021	33,205	0.3%
Unpledged General Property Tax Revenues	<u>10,014,695</u>	<u>98.3%</u>
Total 2023 General Property Tax Revenues	<u>\$ 10,187,604</u>	<u>100.0%</u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

8. COMPENSATED ABSENCES

Compensated absences balances and activity for the year ended December 31, 2023, were as follows:

	Balance			Due within	
	January 1, 2023	Additions	Retirements	December 31, 2023	One Year
Governmental Activities	\$ 174,478	\$ 211,998	\$ (184,030)	\$ 202,446	\$ 202,446
Business-Type Activities	372,634	474,732	(428,038)	419,328	419,328
Total	\$ 547,112	\$ 686,730	\$ (612,068)	\$ 621,774	\$ 621,774

The General Fund is used to liquidate most of the liability for compensated absences recorded in governmental activities, and the Water and Sewer funds are used to liquidate the liabilities recorded in business-type activities. All the compensated absences balances represent vacation that is due within one year.

9. FUND BALANCES / NET POSITION

The TCPUD's Board adopted Resolution 11-39, later amended by General Fund Reserve Policy Number 2010 for the Classification of the Fund Balances as required by Governmental Accounting Standards Board 54 and setting of the General Fund Reserve Policy.

The following General Fund balance at December 31, 2023, is as follows. Non-spendable consists of \$384,519 for prepaid items and inventory. Assigned balances consist of \$8,212,232 for infrastructure capital replacement, \$4,000,000 for priority capital projects, \$1,051,176 for fleet and equipment replacement, and \$46,736 contribution for projects within the TCPUD Parks and Recreation.

General Fund Balance

Non-Spendable	\$ 384,519
Restricted	18,800
Assigned	
Fleet & equipment replacement reserves	1,051,176
Infrastructure capital replacement reserves	8,212,232
Priority project capital reserves	4,000,000
Contributions - projects	46,736
Unassigned fund balance	13,505,980
Total Fund Balance General Fund	\$ 27,219,443

The TCPUD Board adopted Enterprise Funds Unrestricted Net Position and Reserves Policy Number 2015. At December 31, 2023, the Board designated the unrestricted net position of the proprietary funds as follows:

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

9. FUND BALANCES / NET POSITION, Continued

Designated for:	Water	Sewer	Total
Operating reserve	\$ 1,512,526	\$ 1,188,816	\$ 2,701,342
Fleet & equipment replacement reserves	848,740	1,887,593	2,736,333
Infrastructure capital replacement reserves	1,608,703	4,096,912	5,705,615
Water system acquisition & infrastructure improvement property tax reserve	3,000,000	-	3,000,000
Total designated net position - proprietary activities	6,969,969	7,173,321	14,143,290
Undesignated	1,446,741	2,521,245	3,967,986
Total unrestricted net position proprietary fund	\$ 8,416,710	\$ 9,694,566	\$ 18,111,276

10. PENSION PLANS

General Information about the Pension Plans

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees’ Retirement System (CalPERS). The Plan’s benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Annual Comprehensive Financial Report, which is available online at www.calpers.ca.gov.

The Plan consists of a miscellaneous pool and a safety pool (referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the TCPUD. The TCPUD's employer rate plans in the miscellaneous risk pool includes the Miscellaneous plan (Classic) and the Miscellaneous PEPRA plan (PEPRA). The TCPUD does not have any rate plans in the safety risk pool.

Benefits Provided – The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The 2.7% at 55 Miscellaneous Plan is closed to new entrants. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

10. PENSION PLANS, Continued

The Plan provisions and benefits in effect at December 31, 2023, are summarized below:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	After December 31, 2012
	Classic	PEPRA
Benefit Formula	2.7 % @ 55	2.0 % @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50-55	52-62
Monthly Benefits , a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rates 2022/2023	8.00%	6.75%
Required Employee Contribution Rates 2023/2024	8.00%	7.75%
Required Employer Contribution Rates 2022/2023*	48.44%	7.89%
Required Employer Contribution Rates 2023/2024*	46.30%	7.68%

*The employer contribution rate is the sum of the plan's normal contribution rate plus the employer unfunded accrued liability contribution amount.

Funding Policy

The plan requires employee contributions equal to some percentage of the employees' annual covered salary. During fiscal year 2023 the employees paid 100% of the employee's contribution beginning with 2015. Pursuant to the labor contract, beginning January 1, 2020, Classic Members agreed to contribute 2.0% of salary, in addition to the employee contribution rate of 8%, toward their normal costs.

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The TCPUD is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The TCPUD's contributions to the risk pools in the Plan for the year ended December 31, 2023, were as follows:

	Contributions
Contributions - Employer	\$ 1,726,419
Contributions - Employee	\$ 582,411

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

10. PENSION PLANS, Continued

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of December 31, 2023, the TCPUD reported a net pension liability for its proportionate share of the net pension liability of the plan of \$15,693,767.

	<u>Proportionate Share of Net Pension Liability</u>
Beginning net pension liability, January 1, 2022	\$ 14,580,482
Pension expense	3,318,897
Employer contribution	(1,572,404)
Net new deferred inflows / outflows	(633,208)
	<u>\$ 15,693,767</u>

In determining the TCPUD's proportionate share, the TCPUD's rate plan included in the Plan were assigned to Miscellaneous risk pool. Estimates of the total pension liability and the fiduciary net position were determined for the individual rate plan and risk pool as of the valuation date, June 30, 2022. The TCPUD rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The TCPUD's proportionate share percentage for the risk pool at the valuation date was calculated by dividing the TCPUD's net pension liability for its rate plan within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The TCPUD's proportionate share of the net pension liability as of June 30, 2023, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2023, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2023, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2023, was calculated by applying Tahoe City Public Utility District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2023, to obtain the total pension liability and fiduciary net position as of June 30, 2023. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

10. PENSION PLANS, Continued

The TCPUD's proportionate share of the net pension liability as of June 30, 2023, and June 30, 2022, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date - June 30, 2022	0.31160%
Proportion at measurement date - June 30, 2023	0.31385%
Change - increase (decrease)	<u>0.00225%</u>

For the year ended December 31, 2023, the TCPUD recognized pension expense of \$1,872,069. At December 31, 2023, the TCPUD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of Assumptions	\$ 947,503	\$ -
Differences between expected and actual experience	801,723	124,366
Net Difference between projected and actual earnings on pension plan investments	2,540,962	-
Differences between Actual Contributions vs. Proportionate Share of Contribution	99,234	171,836
Change in employer's proportion	89,685	618,595
Pension Contributions Made Subsequent to the Measurement Date	1,391,994	-
	<u>\$ 5,871,101</u>	<u>\$ 914,797</u>

The \$1,391,994 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31	Amount
2024	\$ 878,981
2025	639,831
2026	1,972,586
2027	72,912
	<u>\$ 3,564,310</u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

10. PENSION PLANS, Continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2022, actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase ⁽¹⁾	Varies by Entry Age & Length of Service
Investment Rate of Return ⁽²⁾	6.90% net of pension plan investment and administrative expenses
Mortality ⁽³⁾	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expense; includes inflation

(3) CalPERS developed the mortality table used based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale MP-2016. For more details on this table, please refer to the 2021 experience study report

Allocation Amongst TCPUD Funds

The net pension liability has been allocated to the TCPUD's enterprise funds based on their relative five-year average annual pensionable wages.

Change of Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, 7.65% for measurement dates June 30, 2015, through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

10. PENSION PLANS, Continued

at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.90% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 0 basis points. An investment return excluding administrative expenses would have been 6.90%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers would make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
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10. PENSION PLANS, Continued

Asset Class	Assumed	
	Asset Allocation	Real Return Years (a) (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-basked Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(a) An expected price inflation rate of 2.30% used for this period

(b) Figures are based on the 2021-22 Asset Liability Management study

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the TCPUD's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the TCPUD's proportionate share of the net pension liability would be if it were calculated using a discount rate lower or one percentage point higher than the current rate:

	Discount Rate -1 % (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1 % (7.90%)
Plan's Net Pension Liability / (Asset)	\$ 22,931,800	\$ 15,693,767	\$ 9,736,244

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - TCPUD administers a single-employer defined benefit healthcare plan (the Retiree Health Plan) which provides lifetime fixed monthly payments for a portion of medical premiums and full dental and vision coverage for eligible retirees and their dependents. The majority of participants are covered through the TCPUD's CalPERS group health insurance plan, and all receive benefits from the TCPUD's self-administered dental and vision plans. Benefit provisions are established through negotiations between the TCPUD and the International Union of Operating Engineers, Stationary

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Engineers, Local No. 39 (Union) representing classified employees and an informal bargaining group representing managers, supervisors, and professional employees. The Retiree Health Plan does not issue a publicly available financial report.

Employees covered - As of the December 31, 2022, actuarial valuation, the following current and former employees covered by the benefit terms under the plan as follows:

Inactive employees or beneficiaries currently receiving benefit payments	40
Active employees	61
Total	101

Methods and Assumptions -The TCPUD’s net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2023, based on the following actuarial methods and assumptions.

Valuation Date	December 31, 2022
Fiscal Year End	December 31, 2023
Measurement Period	January 1, 2022 to December 31, 2022
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.10% as net of plan investment expense and trust administrative expenses
Discount rate	6.10%
Participants Valued	Only current active employees, retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increase	3.00 % per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year; used as a component of assumed salary increases
General Inflation	2.50% per year
Healthcare Cost Trend Rates	Medical plan premiums and estimated claims costs by age are assumed to increase once each year. Increases over the prior year's levels were derived using the Getzen Model 2023 and are assumed to be effective on the dates shown below:

Effective	Premium	Effective	Premium
January 1	Increase	January 1	Increase
2024	Actual	2044-2049	4.7%
2025	6.2%	2050-2059	4.6%
2026	5.6%	2060-2065	4.5%
2027	5.5%	2066-2067	4.4%
2028	5.4%	2068-2069	4.3%
2029	5.3%	2070	4.2%
2030	5.2%	2071-2072	4.1%
2031	5.1%	2073-2074	4.0%
2032-2037	5.0%	2075	3.9%
2038-2039	4.9%	2076	3.9%
2040-2043	4.8%	& later	3.9%

Mortality rates Assumed mortality, termination, and retirement rates were updated from those used in the prior valuation to those provided in the 2021 experience

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Change of Assumptions

There was no change in discount rate. Demographic actuarial assumptions used are based on the 2017 experience study of CalPERS using data from 1997 to 2019, except for a different basis used to project future mortality improvement.

Contributions - The TCPUD is to fully fund the annual required contributions, which is determined by an actuary. Contribution requirements are also negotiated between the TCPUD, the Union, and the informal bargaining group. Per the 2023 union negotiations, starting January 1, 2024, the TCPUD health retiree subsidy payments for employees hired before January 1, 2015, were held at the 2023 levels without any increases.

The TCPUD currently contributes monthly maximums toward medical premiums of \$894.39 for a retiree with 2 or more dependents, \$699.96 for a retiree with 1 dependent, and \$349.97 for an individual retiree. Per the 2023 union negotiations, starting January 1, 2024, the TCPUD health retiree subsidy payments for employees hired before January 1, 2015, were held at the 2023 levels without any increases. The TCPUD pays the full cost of dental and vision benefits for eligible retirees and their dependents. Employees with less than 20 years of TCPUD service at retirement receive fractions of the monthly maximums for medical premiums described above based on years of service.

During 2023, TCPUD paid benefits directly to or on behalf of retirees \$286,468, which amounted to as contributions to OPEB. TCPUD also placed \$264,346 into the CERBT, to be applied towards the OPEB obligation and estimated implied subsidy was \$38,597. This provided for \$589,411 as total contributions in 2023 to OPEB.

Discount Rate - GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. The TCPUD prefunds its OPEB liability at 100% or more of the Actuarially Determined Contribution each year. The discount rate used to measure the total OPEB liability was 6.10%.

Recognition of Deferred Outflows and Deferred Inflow of Resources - Gains and losses related to changes of total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expenses.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of assumptions	\$ 837,502	\$ 76,004
Differences between expected and actual experience	284,312	25,096
Net Difference between projected and actual earnings on plan investments	409,749	-
Deferred contributions	589,411	-
	<u>\$ 2,120,974</u>	<u>\$ 101,100</u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as OPEB expense as follows:

Year Ended December 31	Amount
2024	\$ 358,032
2025	416,355
2026	413,960
2027	223,386
2028	27,281
Thereafter	(8,551)
	<u>\$ 1,430,463</u>

OPEB Expense - For the fiscal year ended December 31, 2023, the TCPUD recognized OPEB credit of (\$1,196,361).

Changes in the net OPEB liability - The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Changes during the Period:			
Beginning	\$ 6,811,209	\$ 3,161,553	\$ 3,649,656
Service cost	184,498	-	184,498
Interest cost	416,932	-	416,932
Expected investment income		201,496	(201,496)
Contributions - employer	-	606,237	(606,237)
Change of benefit terms	(1,927,265)	-	(1,927,265)
Investment expense	-	(774,985)	774,985
Administrative Expense	-	(1,402)	1,402
Plan experience	(29,499)	-	(29,499)
Changes of assumptions	(52,342)	-	(52,342)
Benefit payments	(321,503)	(321,503)	-
Ending	<u>\$ 5,082,030</u>	<u>\$ 2,871,396</u>	<u>\$ 2,210,634</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - Sensitivity of the Net OPEB Liability of the TCPUD if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended December 31, 2022:

	Discount Rate -1% (5.10%)	Current Discount Rate (6.10%)	Discount Rate + 1% (7.10%)
Plan's Net OPEB liability	\$ 2,806,888	\$ 2,210,634	\$ 1,710,276

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates - The following represents the net OPEB liability of the TCPUD if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended December 31, 2022:

	Current Trend -1%	Current Trend	Current Trend +1%
Plan's Net OPEB liability	\$ 1,892,660	\$ 2,210,634	\$ 2,647,641

12. LEASES

Lease Receivable

The TCPUD is a lessor for leases of land owned by the TCPUD. The TCPUD recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

The TCPUD Government-Wide Statement of Net Position reports lease receivable of \$323,995 and Deferred Inflow of resources of \$312,580 at December 31, 2023. For 2023, the Government-Wide Statement of Activities is reporting lease revenue of \$100,082.

The following is a summary of lease activity for the TCPUD Government-Wide activities during the fiscal year:

Lease	Governmental Activities		
	Receivable	Deferred Inflow	Revenue
Tahoe Tree Company	\$ 76,288	\$ 73,592	\$ 40,141
Green Envy	55,511	53,889	29,394
Tahoe Mountain Air Sports-Bells' Landing	-	-	5,668
Café Zeon	-	-	1,498
	<u>131,799</u>	<u>127,481</u>	<u>76,701</u>
Lease	Business-Type Activities		
	Receivable	Deferred Inflow	Revenue
Sprint Cell Tower	192,196	185,099	23,381
	<u>192,196</u>	<u>185,099</u>	<u>23,381</u>
Total Government-Wide	<u>\$ 323,995</u>	<u>\$ 312,580</u>	<u>\$ 100,082</u>

Tahoe Tree Company - TCPUD entered into a lease as Lessor for the use of land owned by TCPUD. As of December 31, 2023, the value of the lease receivable is \$76,288. The lessee is required to make monthly fixed payments of \$3,178. The lease has an interest rate of 0.6020%. The value of the deferred inflow of resources as of December 31, 2023, was \$73,592, and TCPUD recognized lease revenue of \$40,141 during the fiscal year.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

12. LEASES, Continued

Green Envy - TCPUD entered into a lease as Lessor for the use of land owned by TCPUD. As of December 31, 2023, the value of the lease receivable is \$55,511. The lessee is required to make monthly fixed payments of \$2,383. The lease has an interest rate of 0.6020%. The value of the deferred inflow of resources as of December 31, 2023, was \$53,889, and TCPUD recognized lease revenue of \$29,394 during the fiscal year.

Tahoe Mountain Air Sports-Bells' Landing - TCPUD entered into a lease as Lessor for the use of land owned by TCPUD. As of December 31, 2023, the value of the lease receivable is \$0. The lessee was required to make semi-annual fixed payments of \$6,593. The lease had an interest rate of 0.2580%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and TCPUD recognized lease revenue of \$5,668 during the fiscal year.

Café Zenon -TCPUD entered into a lease as Lessor for the right to use space owned by TCPUD. An initial lease receivable was recorded in the amount of \$7,488. As of December 31, 2023, the value of the lease receivable is \$0. The lessee was required to make monthly fixed payments of \$500. The lease had an interest rate of 0.2580%. The value of the deferred inflow of resources as of December 31, 2023, was \$0, and TCPUD recognized lease revenue and interest revenue of \$1,498 during the fiscal year.

Sprint - TCPUD entered into a lease as Lessor for the right to use space owned by TCPUD. An initial lease receivable was recorded in the amount of \$231,861. As of December 31, 2023, the value of the lease receivable is \$192,196. The lessee is required to make monthly fixed payments of \$2,074. The lease has an interest rate of 1.3050%. The value of the deferred inflow of resources as of December 31, 2023, was \$185,099, and TCPUD recognized lease revenue of \$23,381 during the fiscal year.

At December 31, 2023, future minimum lease payment due to TCPUD are as follows:

Year ending December, 31	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 71,035	\$ 598	\$ 71,633
2025	60,764	168	60,933
	<u>131,799</u>	<u>766</u>	<u>132,566</u>
Year ending December, 31	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	20,095	2,388	22,483
2025	20,359	2,124	22,483
2026	21,041	1,857	22,898
2027	25,909	1,551	27,460
2028	26,249	1,211	27,460
2028-2031	78,543	1,547	80,090
	<u>192,196</u>	<u>10,678</u>	<u>202,874</u>
Total Government-Wide	<u>\$ 323,995</u>	<u>\$ 11,444</u>	<u>\$ 335,440</u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

12. LEASES, Continued

Lease Liabilities

TCPUD entered into a lease as Lessee for the use of golf carts with Yamaha Motor Finance Corporation. As of December 31, 2023, the value of the lease liability is \$16,590. TCPUD is required to make monthly fixed payments of \$2,134. The lease has an interest rate of 4.6000%. The value of the right-to-use-lease asset as of December 31, 2023, of \$47,599 with accumulated amortization of \$29,342 is included in the Right-to-use-lease Equipment table found below.

TCPUD entered into a lease as Lessee for the use of a postage machine with Mail Finance. As of December 31, 2023, the value of the lease liability is \$3,902. TCPUD is required to make quarterly fixed payments of \$437. The lease has an interest rate of 0.6020%. The value of the right-to-use asset as of December 31, 2023, of \$7,338 with accumulated amortization of \$3,442 is included in the Right-to-use-lease Equipment table found below.

<u>Right-To-Use-Lease Equipment</u>	<u>Governmental Activities</u>	
	<u>Net Asset Value</u>	<u>Liability</u>
Golf carts	\$ 18,257	\$ 16,590
Postage Machine	3,896	3,902
	<u>\$ 22,153</u>	<u>\$ 20,492</u>

The annual lease payment schedule for the lease liabilities is as follows:

<u>For the Year Ending December 31</u>	<u>Governmental Activity</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$ 18,317	\$ 502	\$ 18,819
2025	1,739	9	1,748
2026	436	1	437
	<u>\$ 20,492</u>	<u>\$ 512</u>	<u>\$ 21,004</u>

13. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The TCPUD has entered into subscription-based information technology arrangements (SBITAs) involving various software subscriptions. The total cost of TCPUD's subscription assets is recorded as \$187,419, less accumulated amortization of \$71,345.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023

13. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS, Continued

SBITAs	Government-Wide			Balance as of December 31, 2023
	Balance as of January 1, 2023	Additions	Amortization	
Governmental Activities	\$ -	\$ 52,441	\$ (17,789)	\$ 34,652
Business-Type Activities	-	134,978	(53,556)	81,422
Total SBITAs	\$ -	\$ 187,419	\$ (71,345)	\$ 116,074

Description of SBITAs	Government-Wide			Balance as of December 31, 2023
	Balance as of January 1, 2023	Additions	Reductions	
AEC CAD Software	\$ -	\$ 18,185	\$ (4,057)	\$ 14,128
PlanetBids Online Support	-	11,911	(11,782)	129
ATSI - Performance management	-	12,576	(6,197)	6,379
Barracuda - Software	-	35,143	(10,999)	24,144
GovInvest - Pension Module	-	12,814	(5,492)	7,322
OpenGov Software	-	87,744	(27,537)	60,207
Sophos Software	-	3,297	(2,661)	636
Velocity EHS	-	5,749	(2,620)	3,129
Total SBITAs	\$ -	\$ 187,419	\$ (71,345)	\$ 116,074

The future subscription payments under SBITA agreements are as follows:

For the Year Ending 12/31	Government-Wide					
	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 13,927	\$ 649	\$ 41,068	\$ 1,664	\$ 54,995	\$ 2,313
2025	11,111	287	22,222	574	33,333	861
	\$ 25,038	\$ 936	\$ 63,290	\$ 2,238	\$ 88,328	\$ 3,174

14. RISK MANAGEMENT

The TCPUD is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA) for the operation of common risk management and insurance programs. The program covers workers' compensation, property, liability, errors and omissions and public employee dishonesty insurance. The ACWA-JPIA is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of the ACWA-JPIA, including selection of management and approval of operating budgets.

The following is a summary of financial information for ACWA-JPIA as of the latest date for which such audited information is available:

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

14. RISK MANAGEMENT, Continued

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total assets	\$ 288,462,503	\$ 246,615,214
Deferred outflows	4,654,911	6,108,562
Total liabilities	167,203,667	137,126,606
Deferred inflows	5,200,835	2,813,249
Total net position	120,712,912	112,783,921
Total operating revenues	229,844,143	209,690,228
Total operating expenses	240,084,673	212,646,028
Total nonoperating revenues	18,169,521	(34,070,811)
Change in net position	7,928,991	(37,026,611)

The TCPUD is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The TCPUD is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA).

JPIA is an intergovernmental risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The TCPUD participated in the Self-Insurance Programs of as follows:

- General, Automobile, Employment Practices & Public Officials' Liability. Broad coverage against third-party claims for TCPUD, its directors, employees, and volunteers. Covered up to the following limits: the JPIA pools for the first \$5 million and purchases excess coverage with limit up to \$55 million with aggregated policy limits.
- Property Loss: Covered up to replacement value with a \$10,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$2,500 deductible per occurrence and actual cash value on scheduled vehicles with a \$2,500 deductible per occurrence. JPIA is self-insured up to \$10,000,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100,000,000 with deductible \$25,000 to \$50,000 depending on type of equipment.
- Workers' Compensation: Covered for statutory limits, and Employer's Liability is covered up to \$2,000,000 per accident and \$2,000,000 per disease. JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.
- Cyber Liability: Including Cyber Security coverage includes breach response cost, up to \$3,000,000 per member. Aggregate Limit of \$5,000,000 with sub-limits. Cyber Liability retention is \$100,000.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2023**

14. RISK MANAGEMENT, Continued

Employee Dishonesty/Crime Supplement: Covered up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer.

- Earthquake and Flood Group Purchase - Difference In Conditions Policy - Covered up to \$25,000,000 for scheduled values, subject to deductible of 2.5% of value for Earthquake and minimum \$25,000 deductible for flood.

The ACWA-JPIA is self-sustaining through member premiums, and in the event of significant claims may increase deposit requirements from its members. The TCPUD would be required to pay these amounts prior to terminating participation in JPIA. During fiscal year 2023, the TCPUD did not significantly reduce its insurance coverage from the prior year. Furthermore, settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the TCPUD's insurance coverage during the year ended December 31, 2023.

15. CONTINGENCIES AND LITIGATION

From time to time, the TCPUD is involved in litigation, claims and assessments incidental to its operations. Further, the TCPUD may be advised of unasserted possible claims and assessments that may be probable of assertion. As a general policy, the TCPUD defends matters in which it is a named defendant and, for insurable losses, maintains insurance to protect against adverse judgments, claims, or assessments. In the opinion of the TCPUD, although the adequacy of existing insurance coverage or the outcome of legal proceedings cannot be predicted with certainty, the ultimate liability associated with any claims or litigation in which the TCPUD is currently involved will not materially affect the TCPUD's financial condition.

16. COMMITMENTS

The TCPUD has entered into contracts for construction with remaining commitments of approximately \$1,711,992 at December 31, 2023.

Required Supplementary Information

**Tahoe City Public Utility District
Required Supplementary Information
For the year ended December 31, 2023**

Budgets and Budgetary Accounting

The General Fund is the only governmental fund that has an appropriated annual budget. The TCPUD follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The General Manager submits to the Board of Directors a proposed budget for the fiscal year beginning January 1. The budget includes proposed expenditures and the means of financing them.
2. The Board of Directors reviews the proposed budget at specially scheduled meetings which are open to the public. The Board of Directors also conducts a public hearing on the proposed budget to obtain comments from interested citizens.
3. Prior to January 1, the budget is legally adopted through a passage of a Board Resolution.
4. Actual revenues and expenditures are compared to budgeted amounts monthly as a management control device for all budgeted funds. The TCPUD monitors capital expenditures by comparison with specific project appropriation accounts. Expenditures cannot legally exceed appropriations by fund.
5. The budgets are prepared on a basis consistent with Generally Accepted Accounting Principles and the accounting for each fund.
6. Budgetary controls are set at a Fund level - The General Manager shall have authority to move budgeted amounts among the expenditure categories of salary and benefits, maintenance and operations, and capital expenditures.
7. Budgetary controls authorization - The Board of Directors shall retain sole authority for budgeting new capital projects, authorizing new permanent salaried positions, movement of authorization among funds, and the use of undesignated net position and unassigned fund balance.

**Tahoe City Public Utility District
Required Supplementary Information
For the year ended December 31, 2023**

Budgetary Comparison Schedule – General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Fees	\$ 1,392,221	\$ 1,392,221	\$ 1,163,733	\$ (228,488)
Property taxes	9,345,686	9,345,686	10,047,901	702,215
Interest	174,403	174,403	1,081,452	907,049
Grants	711,366	711,366	371,377	(339,989)
Other	1,377,056	1,377,056	1,363,132	(13,924)
Total revenues	13,000,732	13,000,732	14,027,595	1,026,863
EXPENDITURES:				
Current:				
Public works - Parks	5,458,970	5,458,970	5,154,807	304,163
Recreation	1,386,605	1,386,605	1,242,598	144,007
Other operating	310,546	310,546	159,380	151,166
Capital outlay	3,423,262	3,423,262	2,494,225	929,037
Total expenditures	10,579,383	10,579,383	9,051,010	1,528,373
REVENUES OVER (UNDER) EXPENDITURES	2,421,349	2,421,349	4,976,585	2,555,236
OTHER FINANCING SOURCES (USES):				
Proceeds from sales of asset	-	-	50,306	50,306
Total other financing sources (uses)	-	-	50,306	50,306
Net change in fund balance	\$ 2,421,349	\$ 2,421,349	5,026,891	\$ 2,605,542
FUND BALANCES:				
Beginning of year			22,192,552	
End of year			<u>\$ 27,219,443</u>	

**Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2023
 Last Ten Years (a)**

Schedule of the TCPUD's Proportionate Share of the Net Pension Liability

Schedule of the Tahoe City Public Utility District's Proportionate Share of the Net Pension Liability
 As of December 31, 2023
 Last Ten Years^(a)

Measurement Year Ending June 30 ^(a)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the Net Pension Liability/(Asset)	0.091120%	0.109590%	0.110080%	0.277980%	0.286640%	0.291790%	0.297600%	0.422650%	0.31160%	0.31385%
Proportionate Share of the Net Pension Liability/(Asset)	\$5,670,115	\$7,522,250	\$9,525,374	\$10,958,295	\$10,802,729	\$11,684,818	\$12,553,153	\$8,025,238	\$14,580,482	\$15,693,767
Covered Payroll ^(b)	\$3,359,516	\$3,596,691	\$3,836,308	\$4,092,908	\$4,204,479	\$5,210,552	\$5,879,580	\$6,081,263	\$5,156,740	\$5,871,085
Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	168.78%	209.14%	248.30%	267.74%	254.39%	224.25%	213.50%	131.97%	282.75%	267.31%
Plan's Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%	88.30%	76.70%	76.20%
Aggregate Employer Contributions ^{(c)(d)}	\$750,135	\$905,102	\$949,673	\$1,044,645	\$1,100,764	\$1,263,082	\$1,411,605	\$1,502,968	\$1,840,116	\$1,572,404

Notes to Schedule:

- (a) GASB 68 requires historical information only for the measurement periods for which GASB 68 is applicable.
- (b) Covered Payroll presented above uses pensionable earnings provided by the employer as its basis. However, GASB 68 defines covered payroll as the total payroll of employees with pensions from the pension plan. Accordingly, if pensionable earnings are different from total earnings for covered payroll, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculated the required payroll-related ratios.
- (c) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions uses the plan's proportion of fiduciary net position multiplied by the total employer contribution amount as its basis, as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.
- (d) GASB 68 does not require that we display this data for employers participating in cost-sharing plans, but we show it here because we use it in the calculation of the Plan's pension expense.
- (e) Changes in Assumptions - In 2022, the discount rate changed to 6.90%. In 2021, there were no changes in assumptions. In 2018, the demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was lowered from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense).

**Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2023
 Last Ten Years ^(a)**

Schedule of Contributions – CalPERS Pension Plan

Schedule of the Tahoe City Public Utility District's Pension Plan Contributions

December 31, 2023
 Last Ten Years^(b)

Fiscal year ending December 31, ^(c)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contributions ^(b)	\$ 517,089	\$ 560,406	\$ 703,529	\$ 799,269	\$ 862,196	\$1,010,743	\$ 1,197,927	\$ 1,507,350	\$ 1,656,595	\$ 1,726,419
Actual Contributions	(517,089)	(560,406)	(703,529)	(799,269)	(862,196)	(1,010,743)	(1,197,927)	(1,507,350)	(1,656,595)	(1,726,419)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ^(c)	\$ 3,289,595	\$ 3,588,162	\$ 3,962,012	\$ 3,988,868	\$4,246,526	\$4,766,829	\$ 5,155,864	\$ 5,456,661	\$ 6,083,175	\$ 6,830,779
Contributions as a Percentage of Covered Payroll ^(c)	15.72%	15.13%	17.76%	20.04%	20.30%	19.40%	23.23%	27.62%	27.23%	25.27%

Notes to Schedule:

(a) GASB 68 requires historical information only for the measurement periods for which GASB 68 is applicable.

(b) GASB 68 assumes that employers contribute an amount equal to the actuarially determined contribution. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contribution. CalPERS determined that employer obligations referred to as "side funds" do not conform to the circumstances described in the paragraph 120 of GASB 68, therefore CalPERS does not consider them separately financed specific liabilities.

(c) Covered Payroll presented above uses pensionable earnings provided by the employer as its base. However, GASB 68 defines covered payroll as the total payroll of employees with pensions from the pension plan. Accordingly, if pensionable earnings are different from total earnings for covered-employees, the employer should display the payroll based on total earnings for the covered group in the footnotes, and recalculate the required payroll-related ratios.

**Tahoe City Public Utility District
Required Supplementary Information
For the year ended December 31, 2023**

Last Ten Years*

Schedule of Changes in the Net OPEB Liability and Related Ratios

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	\$ 104,472	\$ 104,217	\$ 116,154	\$ 168,076	\$ 173,118	\$ 184,498
Interest	293,808	256,859	264,101	393,264	412,713	416,932
Changes of benefit terms	-	-	-	-	-	(1,927,265)
Change of benefit terms	-	-	-	-	-	-
Plan experience	126,579	-	478,967	-	112,668	(29,499)
Changes in assumptions	(786,838)	155,343	1,243,114	-	410,452	(52,342)
Benefit payments	(248,242)	(242,377)	(215,793)	(265,654)	(299,266)	(321,503)
Net change in total OPEB liability	(510,221)	274,042	1,886,543	295,686	809,685	(1,729,179)
Total OPEB liability, beginning	4,055,474	3,545,253	3,819,295	5,705,838	6,001,524	6,811,209
Total OPEB liability, ending (a)	\$ 3,545,253	\$ 3,819,295	\$ 5,705,838	\$ 6,001,524	\$ 6,811,209	\$ 5,082,030
Plan Fiduciary Net Position						
Contribution - employer	\$ 351,447	\$ 340,557	\$ 306,710	\$ 311,466	\$ 596,084	\$ 606,237
Net investment income	245,573	(123,850)	373,870	294,362	352,532	(573,489)
Benefit payments	(248,242)	(242,377)	(215,793)	(265,654)	(299,266)	(321,503)
Administrative Expense		(617)	(436)	(1,066)	(1,374)	(1,402)
Net change in plan fiduciary net position	348,778	(26,287)	464,351	339,108	647,976	(290,157)
Plan fiduciary net position - beginning	1,387,627	1,736,405	1,710,118	2,174,469	2,513,577	3,161,553
Plan fiduciary net position - ending (b)	\$ 1,736,405	\$ 1,710,118	\$ 2,174,469	\$ 2,513,577	\$ 3,161,553	\$ 2,871,396
Net OPEB liability - ending (a) - (b)	\$ 1,808,848	\$ 2,109,177	\$ 3,531,369	\$ 3,487,947	\$ 3,649,656	\$ 2,210,634
Covered Payroll	\$ 4,136,867	\$ 4,263,542	\$ 4,768,493	\$ 5,020,628	\$ 5,780,994	\$ 6,024,256
Net OPEB liability as a percentage of covered payroll	43.73%	49.47%	74.06%	69.47%	63.13%	36.70%

Notes to Schedule:

Changes in Assumptions - The discount rate was changed from 6.85% (net of administrative expense) to 6.10% for the measurement period ended December 31, 2021.

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB liability. However, since this is the sixth year of implementation, only six years are currently available.

Additional years' information will be displayed as it becomes available.

**Required Supplementary Information
For the year ended December 31, 2023
Last Ten Years***

Schedule of Contributions - OPEB

	2018	2019	2020	2021	2022	2023
Actuarially Determined Contributions (ADC)	\$ 337,850	\$ 278,168	\$ 280,921	\$ 551,739	\$ 557,405	\$ 550,815
Contributions in relation to the ADC	(340,557)	(306,710)	(311,466)	(596,084)	(606,237)	(589,411)
Contribution deficiency (excess)	\$ (2,707)	\$ (28,542)	\$ (30,545)	\$ (44,345)	\$ (48,832)	\$ (38,596)
Covered Payroll	\$ 4,263,542	\$ 4,768,493	\$ 5,020,628	\$ 5,780,994	\$ 6,024,256	\$ 7,133,975
Contributions as a percentage of covered payroll	7.99%	6.43%	6.20%	10.31%	10.06%	8.26%

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB liability. However, since this is the sixth year of implementation, only six years are currently available. Additional years' information will be displayed as it becomes available.

STATISTICAL SECTION

This part of the TCPUD's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the TCPUD's overall financial health.

Contents Page

Financial Trends 95-99

These schedules contain trend information to help the reader understand how the TCPUD's financial performance and well-being have changed over time.

Revenue Capacity 100-102

These schedules contain information to help assess the TCPUD's most significant local revenue source—property tax, water, sewer, and capital grants.

Demographic and Economic Information 103-108

These schedules offer demographic and economic indicators to help understand the environment within which the TCPUD's financial activities take place.

Operating Information 109-114

These schedules contain service and infrastructure data to help the reader understand how the information in the TCPUD's financial report relates to the services the TCPUD provides and the activities it performs.

Net Position by Component

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Tahoe City Public Utility District										
Net Position by Component										
Last Ten Years										
(accrual basis of accounting)										
Governmental activities										
Net investment in capital assets	\$ 34,061,897	\$ 33,621,825	\$ 34,607,266	\$ 34,596,638	\$ 27,032,074	\$ 28,305,788	\$ 26,571,841	\$ 27,344,369	\$ 25,488,414	\$ 23,012,867
Restricted	18,800	13,800	13,800	13,800	13,800	13,800	13,800	-	-	-
Unrestricted	22,373,770	16,665,281	10,956,119	8,290,698	14,327,930	9,585,207	7,940,288	4,073,347	5,842,369	8,826,600
Total governmental activities net position	56,454,467	50,300,906	45,577,185	42,901,136	41,373,804	37,904,795	34,525,929	31,417,716	31,330,783	31,839,467
Business-type activities										
Net investment in capital assets	64,237,945	59,621,017	52,972,992	49,539,591	47,992,681	43,178,935	38,617,239	36,342,147	35,339,690	32,303,799
Restricted	51,200	51,200	51,200	51,200	51,200	51,200	51,200	65,000	65,000	65,000
Unrestricted	18,111,276	16,278,218	11,497,406	11,679,357	6,391,318	9,138,349	12,129,844	12,598,329	6,217,735	13,029,529
Total business-type activities net position	82,400,421	75,950,435	64,521,598	61,270,148	54,435,199	52,368,484	50,798,283	49,005,476	41,622,425	45,398,328
Primary Government										
Net investment in capital assets	98,299,842	93,242,842	87,580,258	84,136,229	75,024,755	71,484,723	65,189,080	63,686,516	60,828,104	55,316,666
Restricted	70,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Unrestricted	40,485,046	32,943,499	22,453,525	19,970,055	20,719,248	18,723,556	20,070,132	16,671,676	12,060,104	21,856,129
Total primary government net position	\$ 138,854,888	\$ 126,251,341	\$ 110,098,783	\$ 104,171,284	\$ 95,809,003	\$ 90,273,279	\$ 85,324,212	\$ 80,423,192	\$ 72,953,208	\$ 77,237,795

Business-Type Activities Change in Net Position

Tahoe City Public Utility District Business-Type Activities Change in Net Position Last Ten Years (accrual basis of accounting)		Fiscal Year									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:											
Water - Fees	\$	9,247,178	8,765,589	8,317,778	7,642,523	6,880,247	6,442,160	4,982,871	4,509,106	4,200,135	4,261,947
Sewer - Fees		6,365,873	6,098,798	5,643,421	5,321,027	5,166,673	4,972,602	4,680,507	4,418,035	4,433,925	4,146,065
Operating grants and contributions		-	-	233,177	-	201	6,100	191,742	3,991	44,028	-
Capital grants and contributions		1,174,516	4,441,224	758,090	97,637	50,000	226,913	161,868	211,035	237,620	202,026
Property taxes		233,165	393,713	654,432	864,151	22,817	24,283	23,929	23,290	23,287	23,287
Investment earnings		891,421	153,288	34,523	129,484	222,465	196,592	233,590	148,549	118,439	104,797
Transfers		-	866,133	-	3,500,000	-	-	-	5,508,259	-	-
Total revenues		17,912,153	20,718,745	15,641,421	17,554,822	12,342,403	11,868,650	10,274,507	14,822,265	9,057,434	8,738,122
Expenses:											
Water - direct expenses		7,009,094	5,748,620	7,365,186	6,429,200	5,201,916	4,890,159	4,667,549	3,918,289	3,971,701	3,215,001
Sewer - direct expenses		4,132,832	3,255,910	4,768,607	3,831,739	3,914,020	3,164,077	3,703,846	3,470,484	2,895,256	2,575,524
Indirect expenses		320,241	285,378	256,178	458,934	1,159,752	836,034	792	50,439	(314,768)	1,182,049
Total expenses		11,462,167	9,289,908	12,389,971	10,719,873	10,275,688	8,890,270	8,372,187	7,439,212	6,552,189	6,972,574
Change in net position		6,449,986	11,428,837	3,251,450	6,834,949	2,066,715	2,978,380	1,902,320	7,383,053	2,505,245	1,765,548
Net Position - Beginning		75,950,435	64,521,598	61,270,148	54,435,199	52,368,484	50,798,283	49,005,476	41,622,423	45,398,326	43,632,778
Prior period restatement					-	-	(1,408,179)	(109,513)	-	(6,281,148)	-
Net Position - Beginning		75,950,435	64,521,598	61,270,148	54,435,199	52,368,484	49,390,104	48,895,963	41,622,423	39,117,178	43,632,778
Net Position - Ending		\$ 82,400,421	\$ 75,950,435	\$ 64,521,598	\$ 61,270,148	\$ 54,435,199	\$ 52,368,484	\$ 50,798,283	\$ 49,005,476	\$ 41,622,423	\$ 45,398,326

Governmental Activities Change in Net Position

	Fiscal Year																	
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014								
Tahoe City Public Utility District																		
Governmental Activities																		
Change in Net Position																		
Last Ten Years																		
(accrual basis of accounting)																		
Revenues:																		
Public works-Parks	\$	1,979,965	\$	1,636,096	\$	1,043,819	\$	880,155	\$	733,871	\$	349,343	\$	318,032	\$	312,132		
Recreation		585,260		480,278		273,632		78,960		338,586		275,719		290,265		316,671		
Operating grants and contributions		28,524		61,362		22,274		386,285		418,801		374,748		394,768		334,610		
Capital grants and contributions		350,494		63,650		23,566		2,333,921		193,518		134,616		2,585,198		373,169		
Property taxes		10,187,604		9,361,073		8,225,437		7,452,235		8,062,703		7,036,697		6,717,678		6,314,533		
Investment earnings		1,081,452		231,489		38,156		177,996		308,831		123,975		120,327		88,257		
Transfers		-		(866,133)		-		(3,500,000)		-		(5,508,259)		-		-		
Total revenues		14,213,299		11,229,446		10,219,161		7,973,216		10,217,124		10,640,334		8,679,626		7,733,334		7,697,299
Expenses:																		
Public works-Parks direct expenses		6,574,899		5,243,973		6,112,865		5,602,432		5,727,396		4,815,942		4,815,967		3,788,125		3,605,113
Recreation - direct expenses		1,273,101		1,019,729		1,013,467		732,041		910,607		936,950		731,763		691,660		686,566
Indirect expenses		211,738		242,023		416,780		111,411		110,112		138,361		133,196		175,459		288,455
Total expenses		8,059,738		6,505,725		7,543,112		6,445,884		6,748,115		6,692,253		5,680,926		4,462,924		4,580,134
Change in net position		6,153,561		4,723,721		2,676,049		1,527,332		3,469,009		3,948,081		2,998,700		3,270,410		3,117,165
Net Position - Beginning		50,300,906		45,577,185		42,901,136		41,373,804		37,904,795		34,525,929		31,417,716		31,330,782		31,839,467
Prior period restatement		-		-		-		-		-		(569,215)		109,513		-		(3,779,095)
Net Position - Beginning		50,300,906		45,577,185		42,901,136		41,373,804		37,904,795		33,956,714		31,527,229		31,330,782		28,722,302
Net Position - Ending		56,454,467		50,300,906		45,577,185		42,901,136		41,373,804		37,904,795		34,525,929		31,417,716		31,330,782

Changes in Fund Balance of the Governmental Funds

Tahoe City Public Utility District
Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Fees	\$ 1,163,733	\$ 1,028,688	\$ 773,344	\$ 547,018	\$ 692,482	\$ 664,259	\$ 537,394	\$ 410,153	\$ 442,891	\$ 571,485
Property taxes	10,187,604	9,361,073	8,225,439	7,452,235	8,062,703	7,435,199	7,036,697	6,717,678	6,314,533	5,713,528
Interest	1,081,452	231,489	38,156	177,996	308,831	225,163	123,975	120,327	88,211	51,736
Grants	371,377	73,906	23,299	61,421	143,751	1,848,360	509,364	2,718,957	706,453	1,289,217
Other	1,363,132	1,357,526	1,146,020	984,546	1,009,357	467,365	486,034	521,582	224,359	53,933
Total revenues	14,167,298	12,052,682	10,206,258	9,223,216	10,217,124	10,640,346	8,693,464	10,488,697	7,776,447	7,679,899
Expenditures										
Current:										
Public works - Parks	5,154,807	4,157,433	3,785,278	3,392,981	3,308,613	2,989,372	2,938,775	2,333,481	2,310,189	2,085,922
Recreation	1,242,598	1,060,329	851,563	630,074	797,419	867,647	654,036	672,401	651,605	640,271
Other operating	159,380	153,691	398,382	228,242	384,368	98,985	86,651	103,784	109,790	163,378
Capital outlay	2,494,225	882,483	1,960,044	6,168,018	641,399	3,598,664	754,939	3,230,849	1,115,993	1,407,588
Debt service:										
Principal	125,500	123,277	121,094	118,950	294,113	447,007	672,749	648,609	625,403	639,848
Interest	14,203	16,426	18,610	20,754	25,721	40,550	63,143	87,393	110,940	129,892
Total expenditures	9,190,713	6,393,639	7,134,971	10,559,019	5,451,633	8,042,225	5,170,293	7,076,517	4,923,920	5,066,899
Revenues over (under) expenditures	4,976,585	5,659,043	3,071,287	(1,335,803)	4,765,491	2,598,121	3,523,171	3,412,180	2,852,527	2,613,000
Other Financing Sources (Uses)										
Proceeds from the sale of assets	50,306	46,437	12,905	12,000	20,400	-	11,250	-	-	17,400
Transfers out to other funds	-	(866,133)	-	(3,500,000)	-	-	-	(5,508,259)	-	-
Total other financing sources (uses)	50,306	(819,696)	12,905	(3,488,000)	20,400	-	11,250	(5,508,259)	-	17,400
Net change in fund balances	5,026,891	4,839,347	3,084,192	(4,823,803)	4,785,891	2,598,121	3,534,421	(2,096,079)	2,852,527	2,630,400
Fund Balances										
Fund Balance - Beginning	22,192,552	17,353,205	14,269,013	19,092,816	14,306,925	11,708,804	8,174,383	10,270,462	7,417,935	4,787,535
End of year	\$ 27,219,443	\$ 22,192,552	\$ 17,353,205	\$ 14,269,013	\$ 19,092,816	\$ 14,306,925	\$ 11,708,804	\$ 8,174,383	\$ 10,270,462	\$ 7,417,935
Debt Service as a Percentage of Noncapital Expenditures	2.09%	2.53%	2.70%	3.18%	6.65%	10.97%	16.67%	19.14%	19.34%	21.04%

Fund Balance of General Fund

Tahoe City Public Utility District
Fund Balances of General Fund
Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 384,519	\$ 294,778	\$ 260,095	\$ 226,964	\$ 213,728	\$ 136,715	\$ 172,113	\$ 153,770	\$ 168,226	\$ 93,903
Restricted	18,800	13,800	13,800	13,800	13,800	13,800	13,800	-	-	-
Assigned	13,310,144	9,434,064	2,729,541	1,164,629	1,164,629	1,164,629	1,164,629	1,164,629	964,493	770,962
Unassigned	13,505,980	12,449,910	14,349,769	12,863,620	17,700,018	12,991,297	10,357,910	6,855,637	9,137,397	6,552,781
Total general fund	\$ 27,219,443	\$ 22,192,552	\$ 17,353,205	\$ 14,269,013	\$ 19,092,175	\$ 14,306,441	\$ 11,708,452	\$ 8,174,036	\$ 10,270,116	\$ 7,417,646

Property Tax Uses

Tahoe City Public Utility District
Property Tax Uses
Last Ten Fiscal Years (unaudited)

Fiscal Year	Parks		Recreation		Golf		Water		Sewer Fund		Debt Service		Reserves / Capital Expenditures		Change	
	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Property	Course	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Expenditures	% Change	Total	% Change
2014	\$ 1,376,581	6.1%	\$ 317,206	11.2%	\$ 100,568	\$ 100,568	\$ -	0.0%	\$ -	0.0%	\$ 779,012	-19.0%	\$ 3,163,448	7.0%	\$ 5,736,815	2.6%
2015	\$ 1,469,973	6.8%	\$ 331,410	4.5%	\$ 175,510	\$ 175,510	\$ -	0.0%	\$ -	0.0%	\$ 745,865	-4.3%	\$ 3,615,062	14.3%	\$ 6,337,820	10.5%
2016	\$ 1,438,291	-9.4%	\$ 312,040	-5.8%	\$ 204,071	\$ 204,071	\$ -	0.0%	\$ -	0.0%	\$ 745,777	0.0%	\$ 4,040,790	11.8%	\$ 6,740,969	6.4%
2017	\$ 1,261,408	-12.3%	\$ 353,146	13.2%	\$ 591,544	\$ 591,544	\$ -	0.0%	\$ -	0.0%	\$ 746,402	0.1%	\$ 4,108,126	1.7%	\$ 7,060,626	4.7%
2018	\$ 1,316,481	4.4%	\$ 386,847	9.5%	\$ 530,921	\$ 530,921	\$ -	0.0%	\$ -	0.0%	\$ 498,622	-33.2%	\$ 4,726,611	15.1%	\$ 7,459,482	5.6%
2019	\$ 1,317,097	0.0%	\$ 404,883	4.7%	\$ 732,511	\$ 732,511	\$ -	0.0%	\$ -	0.0%	\$ 342,267	-31.4%	\$ 5,288,762	11.9%	\$ 8,085,520	8.4%
2020	\$ 1,239,015	-5.9%	\$ 540,504	33.5%	\$ 733,832	\$ 733,832	\$ 89,387	100.0%	\$ 89,387	100.0%	\$ 162,355	-52.6%	\$ 4,799,180	-9.3%	\$ 8,316,386	2.9%
2021	\$ 1,087,001	-12.3%	\$ 579,061	7.1%	\$ 1,072,912	\$ 1,072,912	\$ 92,768	3.8%	\$ 92,768	3.8%	\$ 139,704	-14.0%	\$ 5,346,762	11.4%	\$ 8,879,870	6.8%
2022	\$ 1,440,117	32.5%	\$ 573,812	-0.9%	\$ 950,158	\$ 950,158	\$ -	0.0%	\$ -	0.0%	\$ 156,932	12.3%	\$ 6,257,283	17.0%	\$ 9,754,787	9.9%
2023	\$ 1,875,470	30.2%	\$ 663,817	15.7%	\$ 1,270,653	\$ 1,270,653	\$ -	0.0%	\$ -	0.0%	\$ 172,909	10.2%	\$ 6,237,961	-0.3%	\$ 10,420,769	6.8%

General Fund User Fees and Grants

Tahoe City Public Utility District
 General Fund User Fees and Grants
 Last Ten Fiscal Years (unaudited)

Fiscal Year	Fees for Service		Grants for Parks		Maintenance Services Revenue for		Fees for Service		Grants for Golf		Fees for Service		Grants for Rec		Total
	Parks	Parks	Parks	Parks	Parks	Property	Property	Golf	Golf	Property	Golf	Property	Golf	Property	
2014	\$ 268,813	\$ 306,621	n/a	\$ 21,628	\$ -	\$ 304,200	\$ 13,974	\$ -	\$ 915,236	\$ -	\$ 13,974	\$ -	\$ 915,236	\$ -	
2015	\$ 317,870	\$ 314,474	n/a	\$ 28,030	\$ -	\$ 290,234	\$ 20,836	\$ -	\$ 971,443	\$ -	\$ 20,836	\$ -	\$ 971,443	\$ -	
2016	\$ 335,828	\$ 329,817	n/a	\$ 25,470	\$ -	\$ 295,913	\$ 64,441	\$ -	\$ 1,051,469	\$ -	\$ 64,441	\$ -	\$ 1,051,469	\$ -	
2017	\$ 367,142	\$ 349,577	n/a	\$ 366,729	\$ -	\$ 275,719	\$ 25,171	\$ -	\$ 1,384,338	\$ -	\$ 25,171	\$ -	\$ 1,384,338	\$ -	
2018	\$ 317,907	\$ 367,776	n/a	\$ 456,287	\$ -	\$ 338,561	\$ 42,624	\$ -	\$ 1,523,154	\$ -	\$ 42,624	\$ -	\$ 1,523,154	\$ -	
2019	\$ 371,450	\$ 44,031	\$ 334,816	\$ 508,704	\$ -	\$ 353,115	\$ 39,423	\$ -	\$ 1,651,540	\$ -	\$ 39,423	\$ -	\$ 1,651,540	\$ -	
2020	\$ 219,100	\$ 32,125	\$ 364,469	\$ 725,035	\$ -	\$ 79,280	\$ 10,288	\$ -	\$ 1,430,297	\$ -	\$ 10,288	\$ -	\$ 1,430,297	\$ -	
2021	\$ 530,100	\$ -	\$ 364,469	\$ 730,793	\$ -	\$ 271,460	\$ 1,041	\$ -	\$ 1,897,863	\$ -	\$ 1,041	\$ -	\$ 1,897,863	\$ -	
2022	\$ 535,415	\$ 20,021	\$ 470,947	\$ 880,365	\$ -	\$ 448,381	\$ 38,135	\$ -	\$ 2,393,264	\$ -	\$ 38,135	\$ -	\$ 2,393,264	\$ -	
2023	\$ 507,990	\$ -	\$ 498,028	\$ 874,739	\$ -	\$ 550,258	\$ 28,524	\$ -	\$ 2,459,539	\$ -	\$ 28,524	\$ -	\$ 2,459,539	\$ -	

TCPUD acquired the golf course in 2012 and was operated by a concessionaire. In 2016 TCPUD assumed the operation of the golf course property and restated golf revenue separate from parks revenue.

TCPUD changed method of accounting for Maintenance Services Revenue in 2019 - previously recorded as Grant Revenue

Tahoe City Public Utility District
Ten Largest Customers
Current Year and 2018

2018

2023

Customer	Total Revenue	Rank	Customer	Total Revenue	Rank
TTUSD	\$ 79,620.82	1	TTUSD	\$ 92,145.45	1
US DEPT OF AGRICULTURE	\$ 42,733.57	2	HOMEWOOD VILLAGE RESORT	\$ 29,485.56	2
HOMEWOOD VILLAGE RESORT	\$ 39,466.08	3	US DEPT OF AGRICULTURE	\$ 22,375.20	3
STATE OF CALIFORNIA	\$ 29,762.35	4	NORTH TAHOE PUD	\$ 18,005.58	4
HOMEWOOD VILLAGE RESORT	\$ 21,980.06	5	STATE OF CALIFORNIA	\$ 17,949.76	5
STATE OF CALIFORNIA	\$ 21,654.82	6	BOATWORKS AT TAHOE LLC	\$ 17,814.12	6
BOATWORKS AT TAHOE LLC	\$ 20,925.77	7	HOMEWOOD VILLAGE RESORT	\$ 17,337.39	7
PAUL & KATHLEEN THOMPSON	\$ 20,515.57	8	SAFEWAY - ALBERTSON	\$ 14,184.60	8
TAHOE CITY PUD	\$ 18,184.20	9	TAHOE CITY PUD	\$ 13,912.16	9
WSC INVESTORS LLC	\$ 16,399.44	10	PLACER CO / PUBLIC WORKS	\$ 13,713.04	10

Sources: Tahoe City Public Utility District Accounting Department. Excludes TCPUD Owned Facility Water Use

Change in Assessed Value

Tahoe City Public Utility District Change in Assessed Value Excludes Airplane Valuations Last Ten Fiscal Years (unaudited)

Fiscal Year	Placer County		El Dorado County	
	Amount	% Change	Amount	% Change
2014/2015	\$ 3,269,931,584	3.06%	\$ 871,792,785	8.22%
2015/2016	\$ 3,613,932,093	10.52%	\$ 943,137,812	8.18%
2016/2017	\$ 3,699,976,391	2.38%	\$ 991,180,172	5.09%
2017/2018	\$ 3,864,245,853	4.44%	\$1,040,463,983	4.97%
2018/2019	\$ 4,027,472,074	4.22%	\$1,112,925,301	6.96%
2019/2020	\$ 4,294,179,030	6.62%	\$1,149,479,810	3.28%
2020/2021	\$ 4,510,912,202	5.05%	\$1,209,559,779	5.23%
2021/2022	\$ 4,821,382,887	6.88%	\$1,295,760,276	7.13%
2022/2023	\$ 5,278,765,981	9.49%	\$1,396,881,769	7.80%
2023/2024	\$ 5,554,179,124	5.22%	\$1,484,206,750	6.25%

Source: Placer County Assessed Valuation and Tax Rates (Excludes Airplane Valuations) and County of El Dorado Assessed value by Agency

Change in School Enrollment

Tahoe City Public Utility District Change in School Enrollment Last Ten Fiscal Years (unaudited)

Fiscal Year	Tahoe Lake Elementary School		North Tahoe Middle School		North Tahoe High School	
	Number of Students	% Change	Number of Students	% Change	Number of Students	% Change
2014/2015	321	-0.31%	422	3.94%	325	-0.31%
2015/2016	303	-5.61%	430	1.90%	362	11.38%
2016/2017	279	-7.92%	446	3.72%	398	9.94%
2017/2018	257	-7.89%	458	2.69%	408	2.51%
2018/2019	246	-4.28%	494	7.86%	428	4.90%
2019/2020	224	-8.94%	499	1.01%	426	-0.47%
2020/2021	241	7.59%	471	-5.61%	448	5.16%
2021/2022	246	2.07%	494	4.88%	428	-4.46%
2022/2023	292	18.70%	299	-39.47%	505	17.99%
2023/2024	TBD	0.00%	TBD	0.00%	TBD	0.00%

Source: California Department of Education

Source: <https://www.cde.ca.gov/sdprofile/details.aspx?cds=31669446094502>

TBD - 2023/2024 Enrollment numbers not yet posted

Placer County Transient Occupancy Tax Collections

Tahoe City Public Utility District
Transient Occupancy Tax
Placer County District 5 Collections
For the year ended June 30

<u>FY Year</u>	<u>Collections*</u>
2023-2024	\$ 29,498,406
2022-2023	\$ 28,913,806
2021-2022	\$ 20,166,349
2020-2021	\$ 19,756,053
2019-2020	\$ 19,665,039
2018-2019	\$ 21,037,456
2017-2018	\$ 17,905,680
2016-2017	\$ 17,719,703
2015-2016	\$ 16,018,078
2014-2015	\$ 12,145,811

Source: Placer County Revenue Services

**Annual collection amounts will change due to a variety of factors such as lagging reporting and delinquent collections.*

Demographic Statistics

TAHOE CITY PUBLIC UTILITY DISTRICT
Demographic Statistics
Tahoe City Public Utility District, Placer County and El Dorado County

Year	District Workforce (actual FTEs) ⁽¹⁾	Placer County Population ⁽²⁾	El Dorado County Population ⁽²⁾	Median Household Income		Unemployment Rate Placer County ⁽⁴⁾	Unemployment Rate El Dorado County ⁽⁴⁾
				(Placer Co)	(El Dorado Co)		
2023	68.65	410,706	187,285	Data Not Available ⁽⁵⁾	Data Not Available ⁽⁵⁾	4.0%	4.4%
2022	67.60	417,772	193,211	\$106,114	\$104,859	2.5%	2.8%
2021	67.35	409,044	191,992	\$103,588	\$88,770	3.2%	3.9%
2020	67.42	397,469	191,282	\$100,662	\$83,710	6.2%	8.3%
2019	64.98	403,711	193,227	\$97,668	\$86,202	3.2%	3.6%
2018	59.75	395,978	190,018	\$89,175	\$81,869	3.2%	3.7%
2017	56.62	389,387	188,185	\$81,366	\$78,464	3.8%	4.4%
2016	54.32	383,598	185,147	\$85,326	\$75,100	4.4%	5.1%
2015	51.28	376,508	183,684	\$76,203	\$75,575	5.0%	5.7%
2014	49.88	371,264	182,540	\$75,689	\$70,235	6.3%	7.0%

Source: (1) Tahoe City Public Utility District HR Depart Workforce based on FTEs

(2) Populations derived from State of California Department of Finance

(3) MHI derived from Federal Reserve Bank of St. Louis

(4) Unemployment derived from Federal Reserve Bank of St. Louis

(5) To be released September 2024

<https://www.placer.ca.gov/7450/> 2021

Budgeted Full Time Staffing Levels

TAHOE CITY PUBLIC UTILITY DISTRICT
Full Time Staffing Levels*
Last Ten Fiscal Years (unaudited)

	Budget									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Utilities (water and sewer)	19.00	19.00	19.00	19.00	18.00	18.00	16.00	14.86	14.86	13.88
Governance and Administrative Services	14.00	14.00	13.00	11.00	11.00	11.05	10.60	9.45	9.20	9.17
Engineering	7.00	7.00	5.85	6.85	6.85	6.85	4.85	4.90	5.42	5.63
Technical Services	5.00	5.00	5.00	5.00	5.00	4.95	5.40	5.55	4.00	4.00
Parks and Recreation Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Parks	9.50	9.50	9.87	8.05	8.62	8.09	8.03	6.12	6.05	6.22
Recreation	4.50	4.50	4.13	3.96	3.38	2.91	3.01	3.69	2.19	2.00
Golf / Winter Sports Park	1.00	1.00	0.75	0.75	0.75	0.75	0.75	0.75	0.00	0.00
Total	61.00	61.00	58.60	55.61	54.60	53.60	49.64	46.32	42.72	41.90

*Excludes Board Members

Source: Tahoe City Public Utility District Accounting Dept.

Budgeted Full Time Equivalents

TAHOE CITY PUBLIC UTILITY DISTRICT
Budgeted Full Time Equivalents
Fiscal Years (unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Water	11.53	10.70	10.87	11.23	10.13	10.16	9.26	7.72	8.03	7.30
Sewer	10.05	10.26	10.05	8.80	9.32	9.84	8.74	8.64	8.33	7.58
Engineering	1.35	1.35	2.85	3.05	3.00	2.89	3.00	2.00	3.70	3.73
Technical Services/GIS	5.00	5.00	4.60	5.00	5.00	4.95	5.40	5.55	4.00	4.03
Projects	5.50	5.50	3.00	3.80	3.85	3.96	1.85	1.90	1.72	1.90
Parks	15.51	15.02	15.65	13.67	13.19	13.29	12.95	12.14	12.31	12.29
Recreation	11.35	10.40	9.46	8.85	8.80	9.12	8.27	7.07	6.95	6.92
Golf Course/Winter Sports Park	6.48	6.29	5.90	6.37	6.17	6.78	7.44	0.00	0.00	0.00
Governance and Administrative Services	14.43	14.68	13.48	11.00	11.00	11.05	10.60	10.17	9.92	9.57
Total	81.19	79.19	75.86	71.77	70.46	72.04	67.51	55.19	54.96	53.32

Notes: 2018 was the first full fiscal year of golf course/winter sports park operation by TCPUD. 2022 Parks budget amended to add 2 new full-time positions
Source: Tahoe City Public Utility District Accounting Dept.

Operating Indicators by Function

Tahoe City Public Utility District Operating Indicators by Function Last Ten Years		Fiscal Year									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Utilities:											
Water production (million gallons) ¹	469.9	509.7	568.9	585.7	531.0	558.7	386.8	351.8	329.0	413.7	
Sewer flows (million gallons)	291.4	208.5	213.6	260.5	295.5	249.4	362.9	220.6	176.8	200.3	
Lineal feet of sewer mains televised	248,861	146,660	177,978	143,765	158,365	215,900	118,800	142,558	119,015	68,913	
Lineal feet of sewer mains cleaned	319,393	302,389	324,432	370,096	333,598	316,800	230,736	298,015	252,854	440,013	
Technical Services:											
Permits issued - new	15	22	17	11	11	17	13	15	15	16	
Permits issued - remodel	77	82	93	98	118	135	112	150	141	132	
Number of sewer air tests ²	204	189	282	373	291	315	330	314	297	326	
Escrow clearances processed	216	148	214	276	195	197	224	204	204	219	
Plan checks completed	98	140	119	143	155	193	151	188	161	169	
Parks:											
Miles of trails maintained	23	23	23	23	23	23	23	23	22	22	
Number of facility rentals ³	192	230	171	-	262	172	226	229	246	179	
Recreation:											
Numbers enrolled in youth programs ⁴	10,777	8,043	2,546	97	564	396	552	605	1,080	970	
Numbers enrolled in adult programs ⁵	730	517	92	-	196	239	95	95	147	178	
Number of camp enrollees ⁶	1,869	1,512	770	-	1,277	1,184	909	1,018	796	733	

¹ Increase in 2018 due to purchase of three water systems in January 2018

² Sewer air tests follow real estate trends and reduces as the number of real estate transactions decrease

³ Facility Rentals include Fairway Community Center, Tahoe Community Center, Highlands Community Center, Rideout, Commons Beach, Lake Forest Beach, Skylandia Park, Marie Sludchak Park, Gilmer Park and Heritage Plaza. Excludes ball fields or trails. 2020 facility closures due to COVID-19.

⁴ Youth Programs Include: All Rideout classes, contract classes, youth sports, snow days, RAP, Night out at Rideout, swim lessons, and swim team. 2020 programs cancelled due to COVID-19
Numbers were re-defined in 2016 to include only enrollment numbers as opposed to participant numbers.

⁵ In 2022, all programs increased in participants, and new programs were added, but RAP is the primary driver for YoY increase as participation increased YoY by 4,211 participants

⁶ Adult Programs Include: Adult Sports, Sailing, Puppy Training, and yoga. 2020 programs cancelled due to COVID-19

Numbers were re-defined beginning 2016 to include enrollment as opposed to participant numbers.

Camps Include: Skylandia, Sailing, Specialty Camps, Spring Break Camp, Ski-Skate Camp, winter/holiday camps, explorers adventure. 2020 camps closed due to COVID-19

User Statistics

Tahoe City Public Utility District
User Statistics, Last Ten Fiscal Years
Total number of users (unaudited)

Program	Unit of Measurement	Actuals									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Water	Customers	5,759	5,754	5,740	5,733	5,720	5,711	4,167	4,167	4,168	4,173
Sewer	Customers	7,737	7,759	7,725	7,732	7,721	7,702	7,689	7,674	7,665	7,645
Camp Skylandia	Enrolled Campers ⁽¹⁾	1,375	1,234	753	228	1,012	1,184	909	1,018	796	733
Concerts at Commons Beach	Individual Attendees ⁽²⁾	18,400	20,950	-	0	28,500	21,500	24,500	23,000	16,550	15,525
Tahoe City Golf Course	Rounds Played ⁽³⁾	19,014	21,375	18,678	25,015	11,800	9,489	8,545	10,228	12,832	9,974
Lake Forest Boat Ramp	Boats Launched	4,359	8,207	8,980	7,691	5,391	5,309	5,529	6,860	5,280	5,005
Bike Trails-Summer Usage	Users ⁽⁴⁾	312,267	262,655	247,544	329,617	377,016	278,208	252,080	277,196	304,612	484,932
Winter Sports Park (WSP)	Users ⁽⁵⁾ ⁽⁶⁾	8,832	10,455	10,179	10,153	9,716	9,894	n/a	n/a	n/a	n/a

Source: Tahoe City Public Utility District

- ⁽¹⁾ 2020 summer activity cancelled due to COVID-19
 - ⁽²⁾ 2020 & 2021 concerts were cancelled due to COVID-19 / prior years estimated
 - ⁽³⁾ 2020 increased usage due to individuals looking for outdoor activity due to COVID-19
 - ⁽⁴⁾ Bike trail usage based on data from trailer counters and reported through Eco Counter Software
 - ⁽⁵⁾ WSP first season of operation is 2017/2018. Season crosses fiscal year.
 - ⁽⁶⁾ Usage reported for the season ending March of the current year.
- Totals do not include season pass holders as they were not tracked; Reporting daily visits only.
n/a - data not available / or no operations

Water and Sewer Base Rates

Tahoe City Public Utility District
 Water and Sewer Base Rates
 Last Ten Fiscal Years (unaudited)

Year	Residential	Commercial	Residential	Commercial	Hotel Room w/ Kitchen - per room
	Monthly Water Base Rate .75" meter	Monthly Water Base Rate .75" meter	Monthly Sewer Base Rate	Monthly Sewer Base Rate	Monthly Sewer Base Rate
2014	\$55.00	\$67.00	\$36.34	\$36.34	\$14.79
2015	\$59.00	\$71.00	\$38.41	\$38.41	\$15.63
2016	\$62.50	\$75.25	\$38.41	\$38.41	\$15.63
2017	\$66.25	\$79.75	\$39.95	\$39.95	\$16.26
2018	\$70.25	\$84.50	\$42.92	\$42.92	\$17.46
2019	\$74.50	\$89.50	\$44.14	\$44.14	\$17.96
2020	\$79.31	\$79.31	\$46.79	\$46.79	\$19.04
2021	\$84.07	\$84.07	\$49.60	\$49.60	\$20.18
2022	\$87.43	\$87.43	\$51.83	\$51.83	\$21.39
2023	\$90.93	\$90.93	\$54.16	\$54.16	\$22.35

Rates adjusted January 1. Prior to 2015, rates were adjusted at April 1 of each year.

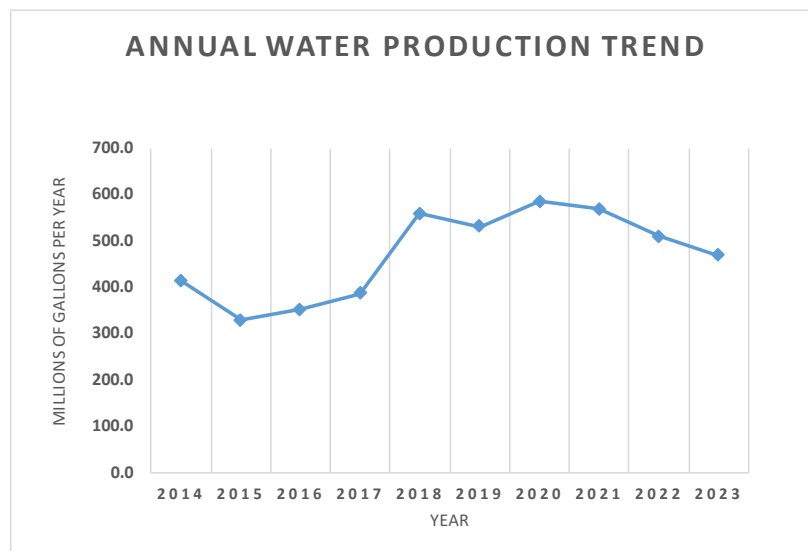
Source: Tahoe City Public Utility District

Water Production

Tahoe City Public Utility District
Water Production
Last Ten Years
(In million gallons)

Monthly Production	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Jan	19.2	21.3	19.0	23.3	30.4	34.7	29.8	28.7	27.0	22.9
Feb	16.4	14.2	15.9	21.9	24.3	24.4	24.0	23.0	19.5	23.1
Mar	13.7	12.6	12.5	18.1	24.7	22.1	22.3	24.5	25.1	20.8
April	16.8	15.0	12.9	16.1	23.0	20.9	17.7	22.3	19.5	21.9
May	38.2	26.3	20.0	17.5	32.9	24.3	43.2	43.8	21.6	22.7
June	57.7	37.8	42.9	47.4	64.5	52.0	72.7	80.8	59.4	43.1
July	72.3	53.0	62.8	68.7	90.4	94.6	86.9	91.0	81.2	78.2
Aug	63.6	51.5	60.3	64.3	94.8	88.7	93.4	86.7	80.0	88.3
Sept	56.4	42.1	48.7	51.3	84.4	81.7	84.8	77.5	73.8	65.8
Oct	31.9	26.6	29.9	31.4	44.3	42.1	62.1	48.9	56.9	42.9
Nov	14.2	12.7	12.1	12.8	23.8	21.1	25.9	20.2	22.5	20.9
Dec	13.4	16.0	14.8	14.2	21.4	24.4	22.8	21.5	23.4	17.5
Annual Totals	413.7	329.1	351.8	386.8	558.7	531.0	585.7	568.9	509.8	468.1
Average Monthly Water Production	34.5	27.4	29.3	32.2	46.6	44.2	48.8	47.4	42.5	39.0

Source: Tahoe City Public Utility District Water Department
Increase in 2018 due to purchase of three water systems in January 2018

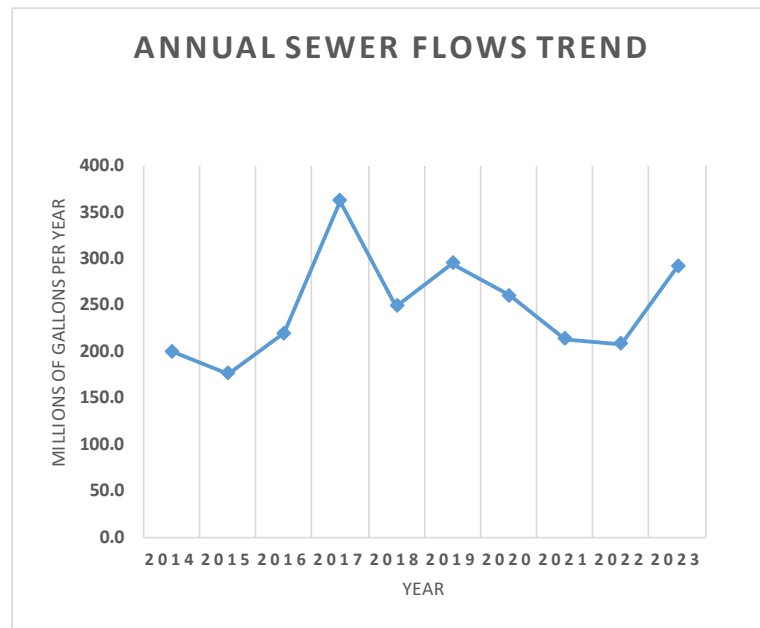


Sewer Flows

Tahoe City Public Utility District Sewer Flows Last Ten Years (In million gallons)

Monthly Sewer Flows	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Jan	15.2	14.5	18.2	30.6	18.3	21.0	20.1	17.8	18.2	23.4
Feb	20.0	14.8	20.2	51.4	15.8	21.7	19.9	19.2	17.6	17.9
Mar	17.3	12.8	26.0	44.9	23.9	28.5	19.7	20.1	20.8	26.5
April	14.4	11.7	21.5	50.2	30.5	37.0	20.9	18.6	20.0	34.2
May	15.1	13.1	16.8	38.0	22.2	33.5	21.6	17.2	18.4	44.3
June	16.8	14.5	17.1	25.1	21.8	26.8	23.7	20.3	18.8	28.4
July	25.3	22.6	23.4	30.2	29.0	31.8	29.6	24.8	24.5	31.3
Aug	22.8	19.7	18.6	24.4	23.9	26.1	26.7	16.7	18.3	24.0
Sept	14.0	14.1	13.5	17.8	18.4	20.0	21.7	10.1	13.5	17.4
Oct	11.8	11.6	11.9	15.1	14.1	15.0	19.5	13.7	11.0	14.1
Nov	11.2	11.1	11.1	17.0	14.1	15.0	17.5	14.4	10.3	13.2
Dec	16.5	16.4	22.2	18.2	17.5	19.1	19.6	20.9	17.1	16.9
Annual Totals	200.4	176.9	220.5	362.9	249.5	295.5	260.5	213.8	208.5	291.4
Average Monthly Sewer Flows	16.7	14.7	18.4	30.2	20.8	24.6	21.7	17.8	17.4	24.3

Source: Tahoe City Public Utility Sewer Department



Outstanding Debt by Debt Type

Outstanding Debt by Debt Type

	Governmental Activities									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State Revolving Fund 2008	\$ 662,269	\$ 787,769	\$ 911,046	\$ 1,032,140	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980	\$ 2,406,555
Special assessment bonds with governmental commitments	-	-	-	-	-	12,513	25,026	37,539	50,052	62,566
Pension related debt	-	-	-	-	-	164,757	484,478	791,571	1,086,535	1,369,850
Lease & SBITA liabilities	45,530	38,063	-	-	-	-	-	-	-	-
Total long-term debt	\$ 707,799	\$ 825,832	\$ 911,046	\$ 1,032,140	\$ 1,151,089	\$ 1,445,202	\$ 1,892,209	\$ 2,564,958	\$ 3,213,567	\$ 3,838,971
	Business-type Activities									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State Revolving Fund 2021	\$ 11,507,648	\$ 5,688,184	\$ 2,794,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessment bonds with governmental commitments	-	-	-	-	44,617	88,113	130,794	172,678	213,778	254,109
Lease & SBITA liabilities	63,290	-	-	-	-	-	-	-	-	-
Total long-term debt	\$ 11,570,938	\$ 5,688,184	\$ 2,794,450	\$ -	\$ 44,617	\$ 88,113	\$ 130,794	\$ 172,678	\$ 213,778	\$ 254,109
	Total									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State Revolving Fund	\$ 12,169,917	\$ 6,475,953	\$ 3,705,496	\$ 1,151,089	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980	\$ 2,406,555
Special assessment bonds with governmental commitments	-	-	-	-	44,617	100,626	155,820	210,217	263,830	316,675
Pension related debt	-	-	-	-	-	164,757	484,478	791,571	1,086,535	1,369,850
Lease & SBITA liabilities	108,820	38,063	-	-	-	-	-	-	-	-
Total long-term debt	\$ 12,278,737	\$ 6,514,016	\$ 3,705,496	\$ 1,151,089	\$ 1,195,706	\$ 1,533,315	\$ 2,023,003	\$ 2,737,636	\$ 3,427,345	\$ 4,093,080